Small-scale food processing sector in Mozambique

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Summary

Key findings

The food processing sector is considered by the government of Mozambique (GoM) as one of the priority areas for development within the national economy. This is based on the belief that the sector is capable of rapid growth, contributing significant added value to the country's agricultural products. In 1991, production within the food processing sector represented 9.2% of national production. The most important processed food products are beer, sugar, processed cashew nuts, carbonated soft drinks, tea, frozen shrimps, maize meal, wheat flour, cooking oil and bread. Beverage production in 1997 represented 50% of total processed food production.

Imports of agricultural and processed food products represented only 25% of the country's imports in 1997. Cereals were the main products imported (11%). Exports of agricultural and processed food products represented 72% of total country exports in 1997. Fish and crustaceans were the main products exported (36%) followed by cashew nuts and cereals.

The small-scale processing sector is mainly represented by bakeries and maize mills (hammer mills). These enterprises operate throughout the country. The small-scale processing companies in Mozambique are majority owned by Mozambican nationals. Generally, owners manage their companies directly. Each company employs an average of 20 workers. Women are usually not greatly involved in food processing activities, with the exception of the cashew nut industry.

Low- to medium-level technology is used in most small-scale food processing enterprises (SFPEs), and the majority of the workers are unskilled. However, those small-scale enterprises producing goods for export (i.e. processed fish and cashew nuts) use medium- to high-level technologies.

The main constraints affecting SFPEs are:

- poor packaging;
- obsolete equipment;
- high electricity rates; and
- power cuts; and
- lack of funds to purchase raw materials.

Installed capacity is often under-utilised, with only approximately 50% of installed capacity being used. Labour represents only about 25% of production costs.

Small-scale enterprises have enormous difficulties in obtaining bank financing. This is mainly because they lack collateral or because the amount they wish to borrow is lower than the minimum established by the bank. For these reasons, various public institutions such as the Institute for Development of Local Industry (IDI) and the Fund for the Development of Small-Scale Industry (FFPI), and private organisations like the Society to Support Small-Scale Investments (GAPI) have been set up to facilitate access to credit for micro-, small-, and medium-scale enterprises.

The majority of SFPEs buy their raw materials and inputs locally, directly from the producer. They sell their products to retailers or directly to the public in urban and village markets. Few of them export their products to regional and overseas markets. Raw materials and products are principally transported by road. Poor road infrastructure is a constraint to business.

The main marketing constraints are market and price information. Trade fairs and exhibitions are rarely used by SFPEs to exhibit their products and gather information about competitors and new technologies.

Few SFPEs are members of business associations. They do not consider associations useful for the development of their companies and the private sector.

The most important information which the small-scale food processing sector needs to develop business includes:

- market information; and
- technology and production process information.

Conclusions and recommendations

Conclusions	**Recommendations**	**Proposed time frame for implementation**
Role of the National Directorate of Industry (DNI) and the Ministry of Industry, Commerce and Tourism (MICTUR) No department exists which is dedicated to the small-scale food processing industry at the level of DNI/MICTUR. *Objective*: Focus on development of the small-scale food processing sector	The DNI/MICTUR should create a department dedicated to the development of the small- and medium-sized food processing industry. The department's key staff should be trained in development policies for SFPEs. DONORS could fund this training.	Immediate

Conclusions	**Recommendations**	**Proposed time frame for implementation**
Financial benefits for investment Mozambicans often do not have access to finance. Rates of interest are still too high (despite the reduction in inflation and the rediscount rate) and finance is generally not granted for sufficiently long terms. *Objective:* Create a more efficient financial sector and develop instruments which are more attuned to the financial needs of the small-scale food processing industry.	The government should provide a suitable environment to establish innovative credit procedures and sustainable micro-finance institutions throughout Mozambique. The government needs to encourage financial institutions to lend for longer terms and establish credit lines specifically aimed at small- and medium-sized food processing companies.	Short- and medium-term Short- and medium-term
Incentives for investment The procedures for obtaining investment benefits are slow and highly bureaucratic. *Objective:* Encourage small-scale food processing companies to apply for incentives by simplifying the procedures and documents required.	The government should simplify the procedures for obtaining investment benefits for the small-scale food processing sector. Development of local incentives to set up investment projects outside the main urban areas.	Immediate Short- and medium-term
Role of service providers None of the service providers in the country are specifically geared towards small-scale food processing companies. *Objective:* Focus on the development of the small-scale food processing sector.	DNI/MICTUR should restructure the Institute for Development of Local Industry (IDIL) to enable it to achieve greater coverage. IDIL should develop a division exclusively dedicated to the small-scale food processing sector. IDIL should look for the most favourable finance mechanisms, promote management courses for small businesses and provide technical and technological information for SFPEs. Key personnel in this division should be trained with the financial help of DONORS.	Immediate Short- and medium-term

Conclusions	**Recommendations**	**Proposed time frame for implementation**
	GoM and non-governmental organisations (NGOs) should encourage the creation of associations for the small-scale food processing industry. The associations should disseminate management information to their members and should collaborate with IDIL to present their members needs for information. The associations should also serve as financial intermediaries for credit institutions. DONORS could finance training activities and supply the necessary materials to strengthen the associations.	Short- and medium-term
Poor infrastructure Roads, telephone, energy and water are in a poor state in urban areas and almost non-existent in rural areas. *Objective:* Attract investment and establish small industries in rural areas.	GoM should allocate more budgetary funding for the rehabilitation and maintenance of mainly secondary and rural roads. The private sector should be allowed to enter into the electricity, telecommunications and water supply markets.	Short- and medium-term Immediate
Improvement of company management Generally, small-scale food processing companies suffer from poor management capacity owing to a low level of academic training. This impedes business development. *Objective:* To enable managers to interpret and utilise available management information to enable them to take decisions to improve their business.	Management training courses should be made available at a low cost to small-scale food processing managers, such as those from International Labour Organisation's (ILO's) 'Improve your business' course. Management capacity building courses should be made available at a low cost to the small-scale food processing managers to enable them to interpret and use available information. DONORS could give financial support for management training and capacity building courses.	Short-term Short-term
Development of a management information system for SFPEs None of the market information systems (MISs) in the country are specifically geared towards SFPEs.	DNI and the National Directorate of Internal Trade (DNCI), both from MICTUR, should collaborate in the implementation of a management information system, specifically	Short-term

Conclusions	**Recommendations**	**Proposed time frame for implementation**
Objective: To improve the management capacity of the small-scale processors.	aimed at SFPEs.	
	IDIL in collaboration with DNI should set up a technological information centre to investigate SFPEs' needs for technical and technological information.	Short- and medium-term
	The dissemination of information to companies and associations should be made *via* both provincial and district directorates of MICTUR as well as IDIL's provincial delegations.	Short- and medium-term
	The DNCI/MICTUR market information system should be improved in the area of dissemination in order to reach the greatest number of commercial and industrial companies. The information should be published weekly.	Immediate
	Capacity building, which would enable DNI staff to operate a management information system, should be done with external support. DONORS could finance the training of key DNI staff.	Short-term
	In an initial phase of the management information system, four subsectors of the small-scale food processing industry, namely small maize milling, bakeries, small oil production and small cashew nut processing, should be given priority. The management information system should be expanded to other subsectors as soon as the necessary conditions are established.	Short-term Medium- and long-term

1 Introduction

1.1 General overview

The purpose of the study was to enable CTA to develop an understanding of the needs of the small-scale food processing sector, particularly in the areas of management and market information systems.

This report has seven chapters:

- Chapter 1 – Introduction.
- The second chapter, the General profile of the country, gives general information on the macro-economic and business environment, agricultural and agro-processing production, and domestic and external trade policy.
- The Literature review, the third chapter, presents the results of the desk study.
- Chapter 4 – Market structure of the small-scale food processing sector, presents a profile of priority small-scale food processing subsectors and the results of the enterprise survey.
- The fifth chapter, Provision of support services and market facilitation, discusses the results of the service providers' survey.
- Chapter 6 – Agro-processing marketing information systems, reports on the current status of the management information system in Mozambique and the market information required.
- Chapter 7 – Conclusions and recommendations.

1.2 Research methodology

Priority food processing subsectors were selected based on the following criteria:

- the number of small-scale enterprises;
- whether or not the subsector was growing rapidly;
- the contribution of the subsectors to gross domestic product (GDP) and food security;
- geographical distribution, etc.

The team also visited some outlets (supermarkets and shops) in Maputo to assess the supply of locally manufactured food products. In general, the supply of imported food products was greater in terms of variety (more than one quality/brand/manufacturer)

than local products (no more than one or two manufacturers). Imported food products were better packaged than those locally produced, and the prices were almost the same (the prices of local manufactured food products were slightly lower). Processed meat, fruit and vegetables and confectionery from local manufacturers were almost non-existent.

According to the food processing enterprise list compiled by the National Institute of Statistics (INE), 970 manufacturing enterprises are registered in the food processing sector. The majority of enterprises (72%) have less than ten employees, followed by those employing from 10–49 workers (*see* Table 1 in the Annexes).

It was decided that the survey would cover the small-scale food processing sector, i.e. enterprises with less than 50 workers. There were 894 such enterprises registered by the INE.

The grain mill and bakery product subsectors have the largest number of enterprises in the food processing sector. The majority of these enterprises have less than 50 employees. These two subsectors are important due to their geographical distribution and contribution to food security and employment.

Based on data obtained from the National Statistics Yearbook 1997 (*see* Table 2 in the Annexes), the following products registered a growth in production in 1997 relative to 1996 – oilseed products (the main increase was in sunflower oil); grain mill products; animal feed; white sugar; alcoholic and non-alcoholic beverages (wine, beer and carbonated soft drinks).

The following were selected as priority subsectors to be researched during the fieldwork:

- fish products;
- oilseed products;
- grain mill products;
- bakery products (bread and biscuits);
- nuts (cashew);
- beverages (alcoholic and non-alcoholic);
- dairy products; and
- animal feed.

Secondary data were obtained from reliable sources including the INE, the Ministry of Agriculture and Fishery's documentation centre, World Bank's libraries, the Ministry of Industry, Commerce and Tourism (MICTUR), non-governmental organisations (NGOs), the Food and Agriculture Organisation (FAO), and Austral Consultoria e Projectos, Lda. The information gathered from these institutions was in relation to the agricultural and food processing sectors, service providers and information systems. A list of these documents and reports is presented in the Bibliography.

Primary data were collected from small-scale food processors and service providers.

A sampling methodology using questionnaires was applied to selected enterprises with up to 50 workers, and service providers (*see* Annexes, List of contacts). In addition, in-depth interviews were carried out with the enterprises so as to extract more detailed information on constraints and key issues affecting operations. Two different questionnaires were used, one for enterprises and the other for service providers.

The food processing enterprise survey was conducted during March 1999 in Maputo, Beira and Nampula – areas with the greatest concentration of food processing sector industries.

Fifty small-scale food processing enterprises (SFPEs) from the priority subsectors were selected, taking into account the type of products manufactured and their geographical setting. Journeys were made to Beira and Nampula to hold interviews with enterprises not found in Maputo and to gather information about specific problems affecting the central and northern regions.

The selection of enterprises was based on the list of all of the food processing enterprises registered at INE. Some informal businesses (two oil enterprises in Nampula) and new enterprises (dairy and nut processing in Maputo) were added.

Of the 50 enterprises selected, only 23 enterprises returned completed questionnaires and were interviewed. This was due mainly to the fact that some enterprises were closed while some of those visited refused to fill in the questionnaire. Table 16 in the Annexes gives the location and type of activity of the 23 enterprises surveyed.

The service providers' survey was conducted during March 1999 in Maputo. Twelve service providers were interviewed face-to-face. The first selection was made from the desk study and the Directory of NGOs in Mozambique. However, other new relevant service providers were added to the initial selection. Their inclusion was based on information given during the small-scale food processing enterprise survey about perceptions of support services. Two NGOs operating in Nampula (CARE and World Vision) were interviewed as suppliers of services. The Institute for Development of Local Industry's (IDIL's) delegation in Nampula was also interviewed.

During the fieldwork, small-scale enterprises from nine subsectors were investigated, namely:

- fisheries products;
- oilseed products;
- grain mill products;
- bakery products (bread and biscuits);
- nuts (cashew and peanut);
- beverages (alcoholic);
- beverages (non-alcoholic);
- dairy products and animal feeds.

The main constraints found while conducting the research included:

- The high mobility of small-scale enterprises which made it difficult to locate them.
- The fact that one key person possessed all the relevant information. If that person was unavailable, junior personnel were not equipped to respond to the questionnaire. Usually the key person was the manager or the owner who was usually busy dealing with more important company issues and it was often difficult to contact him at the office.
- Some owners were unwilling to give information. Some key people requested payment for information, and others felt such an interview/questionnaire was a waste of time.
- Some of the firms selected have since gone bankrupt or have changed their original activity. Alternatively, the owner and/or names of the firm have changed.
- Generally, it was found that key persons within the enterprises had little understanding of issues related to the management of the company. Some did not even have administration systems or proper accounting systems in place. As a consequence, the quality of data collected was affected.

2 General profile of the country

2.1 History

Five main events characterise the recent history of Mozambique:

- Independence in 1975;
- Implementation of the Economic Rehabilitation Programme (PRE) in 1987;
- New Liberalised Constitution in 1990;
- Peace Accord in 1992;
- Democratic elections in 1994.

After independence, Mozambique experienced a mass exodus of Portuguese settlers who had occupied almost all the skilled positions. When the new government of FRELIMO came into power after independence in 1975, it inherited a country with low levels of skilled professionals, managers and administrators.

The new government adopted a system of centralised control, nationalising or intervening in most of the strategic or abandoned enterprises.

Unsuitable economic policies, combined with intensifying warfare with RENAMO rebels and a severe drought, caused the economy to collapse. In 1984, Mozambique went to the World Bank and the International Monetary Fund (IMF), and implemented the Structural Adjustment Programme (SAP) in 1987. High inflation, severe drops in the foreign exchange rate of the metical (MT, the national currency), the intensification of the destructive war and a severe drought had slowed growth in economy.

The new constitution in 1990 prepared the country for political pluralism and liberalisation of the economy based on market forces and private initiative. Peace, elections, good weather conditions (which contributed to an excellent harvest), together with an expansion in industrial and transportation activities, led to a real GDP growth of 6.4% in 1996. The manufacturing sector grew sharply in the areas of beverages, wheat flour and cement, confirming the recovery that began in 1995. This restored the confidence of foreign investors, and now mega-projects are being implemented.

2.2 Geographic and demographic issues

Mozambique is located in south-eastern Africa. It covers a geographical area of 790,380 square kilometres (km^2) and has 2,515 km of coastline. The country shares borders (from north to south) with Tanzania, Malawi, Zambia, Zimbabwe, South Africa and Swaziland. It has 13 major rivers, many of which offer very fertile flood plains. The capital of Mozambique is Maputo. Three important 'corridors' exist, offering rail, road and port facilities to inland countries. The main ports are Maputo, Beira and Nacala.

The last population census in August 1997 showed that Mozambique had a population of 15.7 million residing in 3.7 million households (averaging 4.2 persons). More than three-quarters of these households were considered rural, using 97% of the cultivated land but producing less than a third of the total GDP of the country. The annual growth rate was estimated at 2.6%, with 57% of population under the age of 20.

2.3 Economy – Overview

The end of 1996 saw some very surprising results for a country long accustomed to high inflation, precipitous falls in the foreign exchange value of its currency (metical) and interest rates touching 50%. Inflation was reduced from 54.1% in 1995 to 16.6% in 1996 (well below the target rate of 22%) and to 6% in 1997. In 1997, the exchange rate stabilised, depreciating by 2.7% in relation to 1996 (compared with 50% in 1995). The Bank of Mozambique reduced its rediscount rate sharply, dropping from 54.75% in September 1996 to 14.95% in October 1997. The growth rate in 1997 was 14.1%.

Exports for 1996 increased by more than 24% compared with 1995, reaching US$ 210 million. In 1997, exports reached US$ 221 million. The principal exports were shrimp (27.2%), cotton (8.7%), and cashew nuts (6.3%). Imports for 1997 amounted to approximately US$ 760 million of which 32.7% came from South Africa alone.

The GDP for 1997 was estimated at US$ 2.171 billion, a per capita GDP of US$ 128. The sectors contributing to GDP included agriculture (27.8%), industry (18.8%), services (45.8%), and public administration (7.6%). However, recent calculations show that the economic contribution of the informal sector accounts for 43.7% of total marketed production. The GDP is underestimated by an amount close to 70%, giving a revised value of per capita GDP of US$ 218.

Over the period 1987–1995, Mozambique received more than US$ 8 billion of support in grants, credit, and debt relief. There are more than 200 donors and international NGOs working in the country. Mozambique tops the IMF's list of eight countries with 'unsustainable' debts. Its foreign debt probably exceeds US$ 5.5 billion. Debt repayments are expected to reach US$ 300 million per annum in 1999.

Total private investment (dominated by foreign investors) increased to US$ 445 million in 1996, which is 24.7% higher than the previous year. In 1997, with the inclusion of the US$ 1 billion aluminium smelter project, total investment was around US$ 2 billion.

Minimum wages have tended to fall in dollar terms to about half of what they were at the outset of SAP. They have fallen from US$ 40/month in 1987 to US$ 23/month in 1996. In the private sector, average industrial wages have been maintained at about US$ 39/month. In April 1999, a new minimum wage was fixed at about US$ 36/month.

2.4 Investment climate and business incentives

Mozambique has a vast potential for development in the region, commencing with the development and/or rehabilitation of infrastructure projects in all sectors of the economy. There are opportunities for investment in the development corridors of Maputo, Beira and Nacala and in the following sectors:

- agriculture/forestry;
- mining;
- manufacturing;
- fishing;
- tourism.

Foreign investment has already started to flow into Mozambique. The sums have not been large but the trend is in the right direction. The realisation of the mega-projects now being considered would create a quantum leap. The construction of an aluminium smelter is underway in Maputo, which is due to be operational in 2001. Tourists are starting to come back to the country and tourism is seen as a key growth area.

South Africa is the second largest investor in Mozambique (after Portugal) and much of the planned investment in infrastructure and other development projects will only be viable with South African involvement. The Maputo Development Corridor and Lebombo Development Initiative are examples of the active involvement of South Africa in the development of the southern region of Mozambique.

The 1993 Investment Law is aimed at attracting local and foreign investors and contains a range of investment guarantees and incentives, which are detailed below.

Investors are offered exemption from customs duties and consumption and circulation tax on:

- building materials and equipment needed to carry out the investment project;
- light passenger cars for company representation; raw materials, intermediate products and packaging materials for the production of export goods, medicines, educational materials and foodstuffs;
- raw materials, intermediate products and packaging materials for the first production cycle;
- normal customs handling fees (50% reduction);
- foreign investors' and expatriate technical staff's personal belongings.

Tax incentives are offered for new or paralysed undertakings. During the period of investment, expenditure recovery (ten years maximum), the industrial contribution tax

(corporate tax) and supplementary tax rates are reduced by:

- 80% for investments in Niassa, Tete and Cabo Delgado;
- 65% for investments located in other provinces, outside the respective capitals;
- 50% for investments located in other provinces, within the provincial capitals.

For investments in operating ventures, a deduction from taxable income of 100% is provided for up five years for investments made in new equipment and the construction of plant and infrastructure. Additional incentives for investments located in less developed provinces are provided through an extension of the reduction of the industrial contribution tax by:

- 50% for six more years of investment made in Niassa, Tete and Cabo Delgado;
- 40% for three more years of investment made in Sofala, Manica, Zambezia and Nampula (excluding provincial capitals);
- 25% for three more years of investment made in Inhambane, Gaza and Maputo (excluding provincial capitals).

The following types of expenditure are not liable to taxation:

- construction or rehabilitation of public infrastructure;
- the purchase of works of art for private property ownership or other actions undertaken which contribute to the development of Mozambican culture;
- training Mozambican workers (up to five percent of taxable profits).

Industrial free zones (IFZs) in Mozambique are aimed at expanding Mozambican export markets. If an export industry is located in an IFZ, it will enjoy full exemption from customs duties and import or export taxes on construction material, machinery and equipment. IFZ enterprises will also be exempted from tax on dividends for ten years. The proposed sites for the development of IFZs are in the Matola area of Maputo Province, Sofala Province near the Port of Beira, Nampula Province and the Port of Nacala.

Mozambique is eligible for duty-free export quotas to European Union (EU) markets, the United States (US) and other developed economies under the General System of Preferences (GSP). Mozambique also enjoys a special trade agreement with South Africa.

Few enterprises, and very few small companies with poor technical capacity, benefit from these investment incentives. Many of these companies are put off by the high level of bureaucracy involved in applying for benefits.

The Foreign Investment Advisory Service (FIAS)[1] carried out a study in Mozambique about bureaucracy and the costs involved in doing business in the country. The study suggested that the procedures should be simplified, and the costs involved in the process should be reduced.

As a consequence of this study and the Industrial Policy and Strategy approved in August 1997, the Mozambican government published new industrial licensing regulations as a way of regulating and facilitating the licensing of industrial companies. These regulations are facilitating the licensing of new companies by substantially simplifying the bureaucracy involved. However, public institutions still take a very long time to despatch documents.

In April 1999, a 'Business Environment Index' was published by KPMG. The aim of this Index is to measure and monitor (every three months) the impact of the government's socio-economic policies on Mozambique's business climate. The study states that the business environment in Mozambique grew by 0.8% in the fourth trimester of 1998, relative to the third trimester of the same year. The factors, which had a positive impact, were the financial and monetary policies, political and macro-economic stability and an increase in investment.

The negative factors identified included the imminent introduction of the value-added tax (VAT), the limitation of investment incentives to capital goods, the bureaucracy involved in public services and the slowness of government decision-making processes. The study concluded that the sectors where the impact was least positive were agriculture, manufacturing and transport.

2.5 Agro-industry and agricultural production

Mozambique has immense agricultural potential, with an estimated 36 million hectares of arable land, however, only 5 million hectares are presently in productive use. Rainfall varies from 200 millilitres (mm) per annum in the driest southern areas to more than 2,000 mm in the higher regions.

Most of Mozambique's agricultural land is not irrigated. However, Mozambique's network of more than 60 rivers has facilitated the construction of irrigation schemes in some areas to increase crop yield. The total potential irrigated area is estimated at 3.3 million hectares. Only a small fraction of this is currently being used.

In the area of livestock, Mozambique has large areas of natural pasture suitable for cattle. The rearing of pigs, goats, rabbits and poultry also has great development potential, as existing supply does not meet domestic demand, with many meat and dairy products currently being imported.

Agriculture is the backbone of the Mozambican economy. It accounts for 80.7% of the workforce (approximately 7 million people, of which over 60% are women). A large

[1] FIAS, 1996. *Administrative Barriers to Investment: The Red Tape Analysis,*. Maputo, Mozambique.

proportion of the workforce is engaged in the family sector[2]. Even though it only contributes 25–30% to the volume of the gross national product (GNP), about 70% of aggregate export revenue is derived from agricultural produce and renewable natural resources[3]. The performance of this sector in terms of meticals earned and percentage change in the volumes produced over three years is shown in the Table 3 in the Annexes.

According to Table 3 (*see* Annexes), total agricultural and livestock production grew by 12.0% in 1995, 21.8% in 1996 and 12.2% in 1997.

To facilitate further analysis, the main agricultural sectors have been divided into three categories based on the final consumer/market, namely, export products, basic food products, and industrial products.

Export products

This subsector registered a growth in total production of 8.0 % in 1996 and a decrease of 5.2% in 1997 with tea, sugar cane, and raw cashew nuts all showing significant losses compared with 1996 (*see* Table 4, Annexes). This subsector also includes other potential export products such as cotton and copra, which registered increases in production of 46.5% and 59.4% in 1997 vis-à-vis 1996 respectively.

Basic food products

The main food products are maize, rice, sorghum, cassava, peanuts, citrus fruits, beans, leaf vegetables, and onions. Total marketed production in this subsector grew by an estimated 33.1% in 1996 and 16.9% in 1997, with a marked growth in the production of all main staples, except for citrus and cassava in 1996 and peanuts in 1997. These registered a decrease of 27.4%, 13.2% and 19.2% respectively (*see* Table 4, Annexes).

Industrial products

The industrial products are mafura, sisal, sunflower (for oil), tobacco and tomatoes. However, for the purpose of this study only mafura, sunflower and tomatoes are considered. All three products are used within the Mozambican agro-industrial sector and have potential for export. Production in this sector fell by 42.3% and 6.7% in 1996 and 1997, due mainly to a reduction in the commercial production of tomatoes in the Gaza Province (in 1996) and mafura in Inhambane Province (in 1997).

2.6 Food processing overview

Given the lack of available statistical data, this section will rely heavily on the information provided in the 'Comprehensive Study for Food Industry and Agro-Industry' carried out in 1991 as well as the '1996 Guide for Investment in Mozambique's

[2] CPI, 1996:8.
[3] UNDP, 1998:52

Agricultural Sector'. Recent publications of the Statistical Yearbook of Mozambique (1995, 1996 and 1997) present mostly aggregated data and this makes detailed analysis difficult.

The 1991 comprehensive study indicated that the contribution of the food processing sector, in terms of wages, was 43.3% to the manufacturing industry and 19% to the economy as a whole. About 47% of production in the manufacturing industry came from the food processing sector and accounted for 9.2% of national production. The sector employed 48% of the workforce in the manufacturing industry and accounted for 20% of the total workforce. It is important to note that these figures refer to 1991. Since then, the structure of the manufacturing industry and the economy has changed.

The most important products in the food processing sector are beer, sugar, processed cashew nuts, carbonated soft drinks, tea, frozen shrimps, maize and wheat flour, poultry feed, cooking oil, ready made bread, biscuits and cakes. The main export products are frozen shrimps, tea, sugar and processed cashew nuts.

Table 2 (Annexes) shows the production of selected products in the food processing industry in 1996 and 1997, while Table 5 (Annexes) gives an overview of the production value for the food and beverage industry in 1996 and 1997. From the table it can also be seen that beverage production value represents more than 50% of the total value of processed foods. The beverage subsector became important after the privatisation of three breweries and carbonated soft drink plants.

2.7 Total imports of agricultural and processed food items

According to the Statistical Yearbook in 1997, the total value of imported products in 1997 was US$ 760 million. Table 6 (Annexes) shows the structure of agricultural and processed food imports from 1995–1997.

In the first category (code 1), dairy products, eggs and natural honey are the main products imported (US$ 6.3 million, 0.83% of total imports). In the second category (code 2), the main products imported are cereals (US$ 84.4 million, 11.11% of total imports). Sugar and beverages are the main products imported in the fourth category (code 4) with a value of US$ 31 million or 4.09% of total exports and US$ 11.1 million or 1.46% of total imports, respectively.

From 1995 to 1997, cereal imports increased by 21% while exports increased twenty-fold. This was due to the fact that the north and centre of the country had maize surpluses, which were exported, to neighbouring countries. Meanwhile, the south experienced shortages of maize and had to import grain in order to offset the shortfall. The import of cereals includes rice, which is not produced in sufficient quantities in Mozambique. Imports of products used in the milling industry decreased drastically between 1996 and 1997, owing to an increase in national production.

South Africa is the largest import market (32.7% of total imports in 1997). Portugal (6.1%), US (5.2%), Japan (4.5%) and India (3.1%) are also important sources of imports.

The majority of processed food products come from South Africa and to a lesser degree from Portugal.

2.8 Total exports of agricultural and processed food items

According to the 1997 Statistical Yearbook, the total value of export products in 1997 was US$ 225 million. Table 7 (Annexes) shows the structure of agricultural and processed food exports.

In the first category (code 1), fish and crustaceans are the main products exported (US$ 82 million, 36.51% of total exports). In the second category (code 2), the main products exported are cashew nuts and cereals (US$ 29 million and US$ 12.5 million, respectively). Sugar is the main product exported from the forth category (code 4) representing US$ 12.8 million or 5.68% of total exports.

The export of fish and crustaceans from 1995 to 1997 remained stable. This may be because the fisheries' biological limit has been reached. In certain areas of Mozambique, fishing is halted during the shrimp spawning season. As mentioned in the previous section, cereal exports increased drastically in 1997 due to a good maize harvest. The export of cashew nuts, both raw and processed, increased sharply between 1995 and 1996 when the industry was liberalised. However, there was a decrease in exports in1997 because local production and international market prices were lower.

The major destinations of Mozambican exports are Spain (18.4 % of total exports in 1997), South Africa (17.3% of total exports in 1997) and the US (11.7% of total exports in 1997). Portugal (8.8%), Japan (8.6%), Malawi (7.8%), India (5.9%) and Zimbabwe (4.0%) are also important destinations. Shrimps are exported mainly to Spain, Portugal and Japan and raw cashew nuts are exported to India. Maize is exported to Malawi and sugar is exported to the US.

2.9 Industrial policy

The government, recognising the importance of the industrial sector, approved and published the Industrial Policy and Strategy in its Republic Bulletin, in 1997. This policy had the following aims:

- developing industry and making better use of natural resources;
- increasing the value added to products;
- diversifying national industry;
- substituting imports of intermediary goods and supplying exports.

The policy indicates that the role of the State, is to direct, regulate and supervise the development of industry, and to create conditions to encourage industrial production. Whereas the role of the private sector is to invest and encourage industrial production. It also indicates the role of the informal sector in generating employment and income.

Priority areas for the food and agro-industries are considered, given the country's great agricultural potential and the industry's potential for earning and/or saving foreign exchange and responding to the basic needs of the population.

In an effort to strengthen and increase the private sector and to develop an entrepreneurial culture, the State has assumed responsibility for:

- creating a favourable environment for investment and production;
- promoting small- and medium-sized industries (SMIs) including micro-industries;
- implementing training and promotional programmes and establishing investment incentives.

The development of micro-, small- and medium-scale industries is particularly mentioned in the Industrial Policy and Strategy with one of the aims of the government being to encourage the gradual transfer of micro-industries from the informal to the formal sector.

The policy notes that the fundamental concern of the State is to create an information system for industry, which takes into account its diverse range of information needs (such as statistical information at the micro-economic level and technical information).

By prioritising the small- and medium-scale food processors, the new Industrial Policy and Strategy is well on its way to promoting the development of industry in Mozambique. However, it is important that the measures included in this policy are implemented properly, and as soon as possible.

Even though SMIs have been given priority, there are no departments at the level of MICTUR dealing exclusively with the development of these industries in general, and the food processing industry in particular.

Following on the Industrial Policy, the industrial licensing regulations were published in September 1998. These regulations classify companies into three classes according to the complexity of their activities. The companies in the first class need to present their projects for approval before they begin operations. The companies in the second class only need to present their projects, apply for inspection and start working without waiting for the necessary approval. The third class does not need to apply for a licence, but only has to register. The present regulations represent a significant change, as illustrated in the table overleaf.

Table 2.1: Change in legislative procedures

Former legislative procedures	**Present legislative procedures**
Licensing application form	Simplified licensing application form
Municipal Council Authorisation	Municipal Council Authorisation
Criminal Register Certificate	Criminal Register Certificate not required
Proof of financial capacity	Proof of financial capacity not required
No permission for public employees	No permission for public employees
Minimum qualifications	Minimum qualifications not required
Normal application stamps	Normal application stamps not required
Description of project	Description of project

The body that authorises the installation, licensing and issuing of industrial permits varies according to the classification of the company. MICTUR authorises the installation of first class industries; it can also delegate this responsibility to provincial governors. The national director issues the warrants. Provincial governors authorise the installation of second class industries, or they can delegate this responsibility to district administrators. The provincial director issues the warrants. This decentralisation was aimed at reducing the time needed to licence companies. However, the effects are yet to be seen due to the slowness of the decision-making process within public institutions.

These new regulations will permit informal sector companies to join the formal sector, and micro companies to join the third class. The regulations are making it easier for new companies to register by significantly reducing the bureaucracy involved. However, public institutions still take a very long time to despatch documents.

2.10 Domestic and external trade policy

In Mozambique, the trade policy and strategy was recently published in the Government Gazette (July 1998). The trade policy sets out the objectives for internal and external trade; the general principles and priorities of the trade policy; the guidelines for the development of the trade sector (the role of the government, private sector and informal sector) and the strategy for trade policy implementation.

The main measures to be implemented so as to achieve the objectives of the trade policy are:

- the rehabilitation and expansion of the commercial network;
- the establishment of trade systems for agricultural products (including incentives for rural credit, rehabilitation of roads, rail and ports, adoption of a price policy that promotes competition, promotion of rural trade fairs, etc.);
- the creation of a favourable environment for the development of the private sector. This includes the publishing and dissemination of regular and periodic market information on basic commodities to guide the private sector's decision-making;
- the promotion of exports;
- the simplification of import procedures;
- the development of international relationships;
- the revitalisation of the trade inspection;
- the revision of the commercial code and trade laws and simplification of administrative procedures;
- the development of human resources;
- the establishment of mechanisms for a profitable relationship with the private sector.

Informal cross-border trade was not covered in the above-mentioned trade policy. It was simply mentioned as an activity that should not be confused with the illegal trade of goods but understood as complementary to the rural commercial network. The unregistered cross-border transactions involve a variety of products, from basic essentials such as clothing, crockery, rice, sugar, maize flour and cooking oil to beer, soft drinks, and cigarettes. It should be noted that there are small importers, usually women who carry out informal trading on street corners or in the markets. They cross the border frequently carrying small quantities of products each time. In addition, the whole family agricultural sector does transactions with neighbouring countries, usually at the informal level, seeking the best prices for its produce or trying to buy and sell in the same place. This situation is usually caused by the scarcity or non-existence of a commercial network in the rural areas of the interior.

Complications in the outdated licensing system and commercial code have been recognised by the government and in September 1998, new regulations for the licensing of commercial activities were published in the Government Gazette. At present there are three categories of licences for trading activities, which are issued by Commerce. Group A consists of large businesses and wholesalers whose average turnover during the past three years was MT 120 million/year. They pay the monthly turnover tax (a cascading tax), and the annual profit tax of 45%. Group B comprises mostly retail store enterprises, and some of the smaller wholesalers. The tax obligations are the same as in Group A. Group C enterprises are smaller, with a monthly turnover not less than MT 500,000/month. They are individual owners with no more than three employees. This

group is not subject to circulation tax. Annual profit taxes, payable four times a year, are set out in the 1987 regulations.

As mentioned earlier, the small food processing companies, with a few exceptions, compete with cheap, better-quality imported goods. This is due to the liberalisation of imports, the lack of border controls (allowing goods to be imported illegally) and the lack of protection given to national industries. The exceptions are companies processing fish and cashew nuts, whose raw materials are national and whose production is essentially for export. Bakeries producing high quality bread, small rural mills and small rural oil factories are also excluded.

2.11 Tariff structure for agricultural and processed agricultural products

The most recent tariff manual was published in 1996. Commodities are grouped in seven categories:

- Consumption goods (C)
- Essential goods (E)
- Intermediate goods (I)
- Capital goods (K)
- Raw materials (M)
- Fuel (N)
- Energy (E)

Processed foods fall, generally, into the tariff categories of consumption goods. However, some processed foods are considered raw materials (for example, beetroot and sugar), essential goods (for example baby milk powder), or intermediate goods (for example, sugar cane, animal fat).

Each category corresponds to a different customs duty tax applied a*d valorum*. These taxes are reflected in the table below:

Table 2.2: Customs duty tax applied to each category of goods

Group of goods	Customs duty tax (%)
Consumption goods (C)	30
Essential goods (E)	0
Intermediate goods (I)	7.5 (10% in 2001)
Capital goods (K)	5
Raw materials (M)	2.5 (5% in 2001)

Export customs duty tax is 0%.

Each importer pays 1% customs service fee (TSA) and 5% circulation tax. These taxes are also applied *ad valorum.*

Some non-essential consumption goods are liable to a consumption tax. The consumption tax is applied to the following imported processed agricultural products. There are different tax rates:

- 35% – confectionery, chocolate, ice cream, carbonated soft drinks;
- 50% – beer;
- 75% – wine, liqueur and sprits

These taxes have not succeeded in protecting the national industry. The reason for these taxes, according to the government, is to allow the companies to gradually adapt to the competition on the open market. This will encourage them to avoid production inefficiencies, which are inevitably passed on to the consumer.

Consequent on the abolition of taxes on the export to cashew nuts, some cashew processing companies went bankrupt. This was due to the higher prices offered to the farmers by the exporters, which the national companies were unable to match.

3 Literature review

During the desk research, some documents and reports were examined and reviewed. Data were also collected and analysed.

Documentation centres and libraries of the World Bank, the Ministry of Agriculture and Fisheries, FAO, Austral Consultoria e Projectos, Lda were visited to gather information about the agricultural and food processing sectors as well as service providers and information systems. A list of these documents and reports is presented in the Bibliography.

Organisations were contacted for details on the projects they are running in the area of food processing. Some of these organisations included World Vision, CARE and AFRICARE (which is currently supporting cashew nut processing factories in Nampula and seed oil press enterprises in Nampula and Manica).

A list of food processing enterprises registered and established in the country and updated in 1997 was obtained from INE. This list gives the enterprise's name, location, area of activity and number of employees. A table was created from this list summarising the number of food processing enterprises by subsector, size (criterion: number of employees) and location (province). (*See* Table 1 in Annexes).

3.1 Overview of studies

The desk study provided indications in the following areas:

- Overview of agricultural and food processing sectors, production, constraints, contribution to GDP, etc.
- Projects and programmes run by NGOs, such as oil production, cashew nut processing, food and cash crops.
- Market information systems (MISs) implemented and run by the public sector, NGOs and the private sector.
- Key organisations and institutions running support programmes and providing services for small-scale enterprises.
- Information on the number of enterprises in the food processing sector by subsector activity, location and number of workers.

3.2 Key findings

The main findings from the desk research were as follows:

- It was possible to define the priority food processing subsectors in Mozambique.
- The sector most discussed is the cashew sector, because of the liberalisation of raw cashew sector and the lack of raw materials for the local cashew processing industry.
- There are several MISs in Mozambique implemented by the public, NGO and private sectors.

In a meeting with the deputy national director of the National Directorate of Industry (DNI), of MICTUR, the DNI position on the priority subsectors as well as the development potential of the small-scale food processing industry was given. The priority subsectors were cashew nut processing and the production of sunflower oil in rural areas. The subsectors with development potential were identified as cashew (using the fruit for juice, jam and alcoholic drinks), and fruit and vegetable preserves (particularly tomato and pineapple).

DNI is presently setting up a database for all of the industrial processing industries. This is intended to assist in the planning of action programmes aimed at implementing the Industrial Policy (which refers to the development of the industry in general and SMIs in particular). DNI will shortly launch a campaign to publicise the Industrial Policy and Strategy and outline its short- to medium-term action plan.

The study by Deloitte & Touche (1997) 'Cashew Marketing Liberalisation Study in Mozambique' describes the problems involved in liberalising exports of raw cashew nuts. This subject is treated in more depth in the chapter on Market structure of the small-scale food processing sector.

In a meeting with the chief technical adviser of the Marketing Management Assistance Project from the National Directorate of Internal Trade (DNCI), it was revealed that this project is establishing an MIS and is creating a database for commercial companies. The DNCI research note, 'Some Reflections on the Provision of Market and Trade Information n Mozambique: The Current Situation and Future Developments' provides information about existing information systems in Mozambique, the methodology used to collect and analyse data and the means of dissemination. Parts of this document can be found in chapter six, Agro-processing marketing information systems.

4 Market structure of the small-scale food processing sector

4.1 Criteria for the definition of small-scale enterprises

It was important to have a clear definition of SFPEs before the sampling was done. However, it was difficult to reach a single definition which characterises a group of enterprises in terms of small-, medium- and large-scale. There are always differences between firms, sectors, or countries to be reflected in a general definition. In the past, small- and medium-sized enterprises have been defined using various criteria, such as:

- number of people employed;
- volume of output or sales;
- value of assets employed;
- use of energy.

In Mozambique, there is no definition to define enterprises as small-, medium- and large-scale.

The most common criterion used in Mozambique is 'the number of employees'. The industrial subsectors' study undertaken by the United Nations Industrial Development Organisation (UNIDO) in 1990/3 defined micro-enterprises as those employing less than 10 workers; small- and medium-scale enterprises as those employing between 10 to 100, and large enterprises as those employing over 100 workers.

The Fund for the Development of Small-Scale Industry (FFPI) defines micro and small enterprises using three criteria: number of workers, annual turnover, and fixed assets. A micro-enterprise therefore employs up to 5 workers, or has the value of fixed assets up to US$15,000, or an annual turnover up to US$10,000. A small enterprise employs 6 to 25 workers, or has fixed assets from US$15,001 to US$100,000, or an annual turnover from US$10,001–60,000.

The Organisation for Economic Co-operation and Development (OECD) defines establishments with up to 19 employees as ‘very small’; with up to 99 as ‘small’; from 100–499 as ‘medium’; and with over 500 as ‘large’. However, many establishments falling into OECD’s medium-size category would be regarded as relatively large firms in some developing countries, so that the definition can be expected to vary greatly according to national conditions.

In several studies undertaken by the Ministry of Agriculture covering micro- and small-scale enterprises, the ministry defined these as activities or businesses employing 50 or less than 50 workers.

For the purpose of this study, a small-scale enterprise was considered as one employing up to 50 workers. In Mozambique, the technology usually employed in the food processing sector is not sophisticated or highly automated. This means that more labour is needed than in developed countries.

4.2 Commodities selected for the study

The commodities selected for the study were the main products manufactured and identified as priority food processing subsectors:

- nuts (cashew kernel);
- edible oils (sunflower oil);
- grain milling (maize flour);
- dairy products (milk, yoghurt, fruit flavoured milk);
- beverages (wine, liqueurs, spirits, non-carbonated soft drinks);
- fish products (shrimps and fish);
- bakery products (bread and biscuits).

4.3 Profile of the product groups in the food processing subsector

Processed nuts

The cashew subsector is still amongst the most important contributors to the Mozambican economy. Not only is the cashew crop an important source of income for more than one million smallholders who remain the sole producers of raw cashews, but it also an important source of foreign exchange for the country (approximately 20% of total foreign exchange earnings in 1994). However, production of raw nuts has fallen from a peak of 214,000 tons in 1972 to an average of about 40,000 tons. Only about 35,000 tons were produced in 1997. The decline is due to the ageing of the trees, disease and the effects of the war, as well as apathy among the growers. The processing industry had a capacity of 150,000 tons at independence in 1975, much of which was nationalised during the following years. In 1994/95, rehabilitation of the factories was begun after privatisation. Since the beginning of the privatisation process, several new private processing-factories have entered the industry. Between 1995 and 1997 the number of processing factories increased from 12, with an actual working production capacity of 30,500 tons, to 16 large-scale factories with a production capacity of 54,500 tons in the 1996/97 season[4].

[4] Deloitte & Touche Tohmatsu Sisteconta, 1997:23

Box 4.1: Problems in the cashew sector

The World Bank recommended that the government adopt a liberalisation policy in the cashew sector, gradually reducing the export tax on raw cashew nuts. This tax represented the only means of protection for the industry. Liberalisation caused the prices of raw cashew nuts to rise for the producer, and the cashew nut processing companies could not compete with exporters.

According to those who defend the protection of national industry, "losses to the State from the liberalisation of the cashew sector are enormous, reaching about US$ 12 million in the last four years: only in the difference in price between exported processed and raw nuts. For every tonne of raw nuts exported, the country loses $150. The indirect effects in fiscal losses are also considerable, as salaries of about 55,000 million MT fail to enter the economy. With de-industrialisation, the country is at the mercy of the only world buyer of raw cashew nuts: India. After the latest harvest (1998), India offered extremely low prices for Mozambican cashew nuts. If India became self-sufficient in raw materials and stopped importing from Mozambique, there would be no buyers at all."

In response to this problem, MICTUR commissioned Deloitte & Touche in 1997 to carry out a study on the impact of the liberalisation of cashew exportation on the Mozambican economy. This study recommended that Mozambique adopt a policy of re-industrialisation. As a consequence, MICTUR proposed that the Republican Parliament approve a law to re-industrialise the cashew nut industry. This proposal will be debated within the coming months.

Defenders of the policy recommended by the World Bank say that the liberalisation of raw cashew nut exports would result in a significant increase in the price to the farmer. The current price situation is as follows: the price per kilo increased from $0.23 to $0.32 during the 95/96 harvest, and to $0.38 in 1996/7. In 1997/98 and 1998/99 the average prices paid to the farmer were about $0.36 and $0.40 respectively. Another argument put forward is that liberalisation would make small processing companies more competitive than the large factories, which is in fact the case. These small companies do not have funds to buy raw materials. Banks refuse to give them credit, as they do not believe the money will be paid back. In April 1999, defenders of liberalisation working for the IMF encouraged the government to resist giving its approval to the law to re-industrialise the cashew industry. The approval of this law, according to the IMF, would 'nullify the government's efforts to increase rural income levels and to liberalise commerce'. The IMF also feels that "the re-industrialisation law would benefit local industry in a primary phase due to the prohibition of exports, while thousands of rural workers would be negatively affected by the imposition of a minimum price. When administrative prices are imposed, the workers do not have the incentive to invest in better technology to increase production and improve quality. In the medium- and long-term, the industry will not be sustainable due to a total lack of investment."

In 1995, total market production reached 33,400 tons of raw cashew, with 52% of this crop coming from the Nampula Province. Of this, 24,000 tons (75.9%) were bought by local processing factories, resulting in an output of 3,100 tons of processed cashew nuts and 1,300 tons of cashew nut oil. Another 1,300 tons of raw cashew were exported[5]. However, the recent government policy introduced in 1995 regarding the liberalisation of raw cashew exports led to the collapse of processing industry. The government, through the National Assembly, is now preparing a new law, which forbids the export of raw cashew nuts while the national processing industry is not yet established and imposes the application of a minimum price for those in the family farming sector.

Only the rejected or broken cashew kernels produced in large-scale factories are sold locally. There are four small-scale enterprises (registered at the INE) processing raw cashew exclusively for the local market. One of these enterprises also produces peanut butter and cashew kernel butter in small quantities.

Edible oil subsector

Mozambique has the potential to produce a wide-range of oleaginous seeds to supply the local edible and industrial oil factories. These include cotton, copra, sunflower, groundnuts and sesame. Despite this potential, the Mozambican edible oil industry depends on imported raw materials. In 1998, Mozambique imported crude sunflower oil amounting to US$ 4.6 million to be refined locally at the four large oil factories. Based on the information from the INE, the production of refined sunflower oil increased sharply in 1997, from 210 tons in 1996 to 5,150 tons in 1997. Besides the oil produced by large factories, there are several micro enterprises in the central and northern regions of the country that are manually pressing sunflower and sesame seeds to produce cooking oil. During the field research, two of those micro enterprises were visited and interviewed in Nampula. The oil produced in micro enterprises is marketed and sold in rural areas whereas that from large enterprises is marketed and sold in urban and peri-urban areas and villages. Mozambique also imports refined oil, in particular sunflower oil (78%), olive oil (11%) and others (11%) which compete with locally made oil.

This subsector has the potential to develop through the establishment of small-scale processing enterprises (manual presses) in rural areas. Presently, more than 600 oil presses are in operation in Mozambique, and this figure is on the increase. The objective of NGOs, which are supporting the oil press enterprise projects, is to create stock capacity for raw materials (a small warehouse to keep sunflower seeds) to supply the oil presses during the whole year instead of only during the crop season. It is also foreseen that stock capacity will be created for the oil (plastic drums) so that the oil can be sold during the whole year.

Grain mill products

Maize is the main raw material processed in this subsector. Maize is grown mainly by the family farming sector, which currently produces about 93% of the locally marketed

[5] CPI, 1996:18-19

maize. The maize milling industry with an installed capacity of over 50,000 tons has the potential to process maize for local consumption. The majority of the mills located in the central and northern regions of Mozambique and those small-scale mills located in the southern region satisfy the demand for milling white maize produced locally. However, two large-scale maize mills located in the southern region of the country have decided to import their white maize, mainly from South Africa, due to the low quality and high price of the Mozambican white maize. In December 1998, the production of the small-scale maize mills using hammer mills registered a boom whereas two medium- and large-scale maize mills in Beira and Tete have registered a significant reduction in their production. Generally, the small-scale mills provide milling services to those who need to process their own maize and obtain the flour. Data from the INE show that production of maize flour increased sharply in 1997, from 3,200 tonnes in 1996 to 12,850 tonnes in 1997. This subsector has a large number of micro- and small-scale enterprises (around 366) spread throughout the country with a concentration of 116 mills in Nampula Province.

Wheat is the other important cereal processed in Mozambique. The wheat grain is all imported and processed locally in the four large wheat mills. The wheat flour is used particularly for bread, pasta and biscuit production. Data from the INE show that production of wheat flour increased sharply in 1997, from 49,200 tonnes in 1996 to 82,400 tonnes in 1997. There are no small-scale enterprises milling this cereal.

Milk and dairy products subsector

There are milk and dairy product factories in the cities of Nampula, Quelimane, Chimoio, Beira, Chokwe, Xai-xai and Maputo, although not all of these are currently operational. They often use imported powdered milk as their main input, due to a lack of reliable local fresh milk supplies. Around 1,800 dairy cattle are found in peri-urban areas compared with 13,000 back in 1974. Due to a limited supply of fresh milk, local production of dairy products satisfies only a small fraction of existing market demand and general nutritional requirements. The revival of milk production in the larger urban centres is linked to the creation of favourable conditions for commercialisation and industrialisation. The Mozambican dairy cattle stock, the milk and the dairy product subsector are gradually recovering through the involvement and initiative of the private sector, in which foreign investment (from Portugal) has played an important role.

The main products are UHT milk, pasteurised milk, condensed milk, fruit flavoured milk and yoghurt consumed predominantly by the urban population.

In 1997, the UHT milk started to be produced in Maputo by a large-scale milk factory that also produces iced tea and fruit flavoured milk. The milk is distributed to 350 customers in southern Mozambique, mostly in Maputo (70%) and milk sales are around 400,000 litres/month. Condensed milk is produced by one medium-scale factory in Maputo. Yoghurt and fruit flavoured milk are mostly produced in Maputo by three small-scale dairy products enterprises. INE did not give any information on processed milk and dairy products. The only information available concerns the production of fresh milk produced in dairy farms, which amounted to 821,000 litres in 1997 with a

peak of 1.5 million litres in 1994 and averaged 950,000 litres/year from 1993 to 1997. In this subsector there are ten enterprises, eight of which have less than 50 workers.

Beverages (alcoholic and non-alcoholic)

This subsector which is dominated by large-scale companies manufacturing lager beer and carbonated soft drinks, contributes to the government budget largely through the payment of consumption taxes. According to data from the INE, in 1997, beverages contributed to 55% of the total food processing industry production value. There are three large breweries (two in Maputo and one in Beira) with a total capacity of 100 million litres of beer/year and another one under construction in Nampula. Their main raw ingredient, barley malt, is wholly imported whereas maize grits and brown sugar are added as cereal adjuncts come from local industry. Coca Cola is presently the principal manufacturer of carbonated soft drinks in Mozambique, bottling its products in two large factories, one in Maputo and other in Chimoio. This company is building another plant in Nampula. There are also two medium-scale soft drink plants in Xai-xai and Manica manufacturing their own brand for the southern and central region of the country, respectively. The factory in Manica is also bottling table water, which is being commercialised throughout the country. Schweppes will soon start bottling soft drinks in Maputo. Besides sugar and water, all the ingredients for the manufacture of soft drinks are imported. Beers and soft drinks are mostly sold in urban and peri-urban areas.

The small-scale alcoholic beverage industry consists of enterprises manufacturing spirits and liqueurs using local raw materials (cashew apple, banana, paw-paw, pineapple, etc.) as well as using imported alcohol and flavours. These enterprises face bottling problems. The quantities produced are very low and domestic demand is very high. Competing with formal industry are large numbers of household alcohol manufacturers during the cashew season. Their products are mainly sold in rural areas, but small traders transport them to peri-urban areas, where the price is substantially higher. There are also three small-scale enterprises in Maputo importing wine in bulk from Portugal and bottling it locally. This wine is mostly sold in urban and peri-urban areas where it faces strong competition from imported bottled wine, mainly from South Africa and Portugal. In Mozambique, there are no vineyards for the industrial production of wine.

The small-scale non-alcoholic beverage industry in Mozambique is very small in terms of production volume. They manufacture non-carbonated soft drinks (a mix of sugar, water and flavours). More recently, two plants (Maputo and Beira) started producing 'maheu' from sorghum and maize flour. Maheu, a non-alcoholic beverage, becomes slightly alcoholic two days after it has been packaged due to an alcoholic fermentation process in the pack.

The production of beer almost doubled in 1997, from 37 million litres in 1996 to 63 million litres in 1997, (see Table 2, Annexes). The bottling of wine also registered a sharp increase in 1997, from 0.5 million litres in 1996 to 1.7 million litres in 1997. Carbonated soft drinks also increased in 1997, from 32 million litres in 1996 to 42 million litres in 1997. Only liqueurs and spirits decreased drastically in production in 1997, from approximately 7,000 litres in 1996 to roughly 1.7 thousand litres.

Fishery subsector

This subsector is characterised by catch, processing and conservation of fish products, including shrimp. In 1995, this subsector accounted for 4.3% of GNP. In 1997, prawns contributed to 76% of the total fishery production value. This subsector has been very important in terms of external trade where fish products, particularly shrimp, have been responsible for more than one third of export revenue over the last fifteen years. In 1997, shrimp exports amounted to US$ 82 million, representing 36% of total exports. Fishing activities are carried out by three industrial firms responsible for 80% of shrimp exports. There are around 17 semi-industrial private firms and about 60,000 fishermen widely dispersed along the coastline and lakes. Onboard processing and freezing is most widely used by industrial firms whereas on shore processing and freezing is the most widely used by the semi-industrial firms. Canned products are no longer produced in Beira and Maputo. Dried fish is produced by fishermen at the artisan level, particularly at the Cahora Bassa reservoir, in Tete Province. There are 25 small enterprises dedicated to the catch of 'kapenta' which is processed (dried) and exported mainly to Zimbabwe. Presently production is around 9,000 tons/year, representing an income of US$ 9 million.

Bakery products

This subsector is characterised by the large number of small-scale bakeries (about 320 out of a total of 331), some of which also produce pastries and cakes. These bakeries are located in towns and villages and their consumers are situated predominantly in urban areas. There are three large-scale factories (two in Maputo and one in Beira) producing pasta with two of them (Maputo and Beira) also producing biscuits. Two of these factories belong to two of the large wheat mills mentioned above, evidence that there is vertical integration taking place within the subsector. There are no significant exports of bakery products. Their raw materials are principally wheat flour and sugar. According to INE, bread production bread remained static during 1996 and 1997 (about 25 million units of 500-gram average weight bread). However the production of pasta decreased slightly in 1997, from 4,700 tons in 1996 to 4,100 tons in 1997. A slightly sharper decrease was registered in the same period for biscuits and cakes, from 2,200 tons in 1996 to 1,500 tons in 1997. These decreases in production were possibly due to the concurrent importation of similar products of a better quality/price ratio and not due to a lack of raw materials, given that the Mozambican production of wheat flour almost doubled during that period.

4.4 Small-scale food processing enterprise survey analysis

Company management structure

Generally, owners manage their SFPEs directly. Sometimes the owner employs a manager to coordinate day-to-day activities, but the major decisions (the purchase of raw materials and equipment, product distribution etc.) are still made by the owner.

According to data obtained from the questionnaires, the companies had an average of two managers. The most common job titles were 'Partner-Manager', 'Managing Director' and 'Owner'. The less common job titles were 'Commercial Director', 'Administrative/Financial Director' and 'Factory Director' – all at a subordinate level. This seems to indicate that a single person, aided by a subordinate manager, controls the SFPE.

Women held management positions in only five of the 23 companies visited. These companies were involved in fish processing, producing dairy goods, bread making and cashew processing. There seems to be no relationship between the type of product and the fact that the manager was female.

Company ownership

In general, SFPEs are owned by Mozambican nationals. Foreign capital is often directed towards medium-sized and large companies, while small and micro companies tend to be owned by the local business community.

The survey of SFPEs showed that foreigners owned majority capital in only two companies (the flour mill and wine bottling plant). In one company, 49% of the capital was in foreign hands (fish processing plant).

Turnover

In Mozambique there are no established turnover thresholds used to define companies as small, medium or large. However, some public credit institutions such as the FFPI have developed some thresholds, which are not simply determinants for credit concession. According to this institution, a small company is one which has between six and 25 employees, or a fixed investment capital of US$15,000–100,000 and an annual turnover of US$10,000–60,000. However, the ranges used appeared to be quite low, and in this study, a small-scale food processing company was defined as one which employs up to 50 people – double the figure indicated by the FFPI.

Owing to unfair competition from informal companies that do not pay taxes, some of the SFPEs avoid declaring the full extent of their turnover and sell directly to the public without issuing invoices. In this way, they declare a lower level of turnover and pay lower circulation taxes.

From the questionnaires completed by the 23 companies, only one biscuit-producing company declared its annual turnover – US$125,000 in 1998, with a turnover of US$500,000 expected in 1999. The rest of the companies were unwilling to supply this information.

Labour

For the purposes of this study, a small company was defined as one that employs up to 50 people.

According to the survey carried out in 23 companies, each company employed an average of 20 workers over the last three years (1997, 1998 and 1999-projected). The lowest number of workers per company was registered in Nampula where one oil company employed two workers, while the other employed three persons. A milling company employed four workers and a company producing alcoholic beverages employed five persons. The highest number of workers per company was registered in Maputo, (found mainly in companies engaged in dairy, alcoholic beverage and bread production). Only four companies (two producing dairy products, one bakery and one wine-bottling company) said that they had significantly increased their number of workers (by more than 19%) over the past three years. Only one company (cashew processing) said that it had significantly reduced its workforce over the same period. This was attributed to a lack of capital and the bank's refusal to loan funds to purchase cashew nuts.

Gender issues

Traditionally, women are not greatly involved in industrial activities, with the exception of the food and textile industries. Within the food sector, the cashew industry uses a very high proportion of female labour for manual nut shelling and selection.

The low level of female labour is connected to cultural norms where women are expected to stay at home to take care of the family and the family farm. In the north of the country women are rarely employed as labourers. However, this situation is tending to change in the cities where women are obliged to work to provide for their families.

The survey revealed that over the past three years, there was an average of only five female workers per company.

Generally, the companies visited have a much higher proportion of male workers. Exceptions were noted in cashew processing and maize milling companies in Maputo. Companies which employed women included the alcoholic beverage companies (in Beira and Maputo); small oil-producing companies in Nampula[6] and a bakery in Maputo.

Skills

In general, a low level of technology is used in SFPEs, with the processing operations being quite simple. For these reasons, the majority of labourers in these small companies are unqualified – only the directors have a higher level of technical and technological knowledge. Small companies do not possess the financial means to compete with the medium- and large-sized companies in terms of salary and benefits for their qualified technicians. The technicians in small companies have no opportunities for career advancement within the company hierarchy due to the simplicity of the production processes. There is a tendency for qualified staff to move to larger companies, which offer higher salaries, the possibility of career development and the opportunity to obtain wider practical experience.

[6] Women are not employed because physical strength is needed to operate the oil presses.

The survey revealed that from 1997–1999, an average of only three workers per company were qualified (two men and a woman); six workers per company were semi-qualified (five men and a woman) and 11 workers were completely unqualified (eight men and three women).

Technology

In general, low and medium levels of technology are used in SFPEs. The companies using medium- or high-level technology are those that produce goods for export (i.e. fish and cashew processing), or those that have to compete with quality imported goods (i.e. dairy products).

The companies that sell their products nationally and those that do not compete with local or imported products tend to use low- to medium-level technology. This is the case with some small companies based in the north of the country that mill flour and produce oil and alcoholic beverages from tropical fruit (papaw, banana and cashew).

The bakeries in urban centres use a medium level of technology due to high levels of competition.

The survey indicated that nine of the 23 companies visited use labour-intensive technology. Ten of these companies use low-level technology, while in 11 companies, medium-level technology is used. On average, the equipment used is ten years old. The companies with older equipment are based in Maputo (three companies with equipment over 25 years old). Nine companies stated that their equipment is less than five years old, while five companies possess equipment between five and nine years old. Two companies have equipment between 10–14 years old, and seven have equipment older than 15 years.

It can be deduced that some of the companies that were visited upgrade their equipment from time to time. Nine companies have equipment of an average age of less than five years, while 16 companies say that they have invested in equipment in the past three years (see the paragraph on investment).

Dairy companies in the cities and oil companies in rural areas with less than five-year-old equipment say that they intend to expand their production significantly in the next few years. The small maize mills in the centre and north of the country recently expanded their production due to an increase in the production of maize in these two regions.

The average value of equipment in the 19 companies that responded to this question was about US$150,000. Higher value equipment (between US$125,000–1,200,000) was owned by companies involved in processing various dairy products, fish processing, wine bottling, industrial maize milling and bread and cake production. The companies with equipment valued at less than US$100,000 were involved in cashew processing and the production of alcoholic beverages, oil, flour and bread.

Production constraints

The survey revealed that the *shortage of packaging material*, in particular glass, was a limiting factor in food production. A factory in Maputo produces glass containers in large quantities, but its supplies are mainly for the large beer and soft drink operations. The smaller beverage companies find it difficult to place orders because the quantities requested are so small. The companies based outside Maputo face even more difficulties, as they have to pay the transportation costs from Maputo. Therefore many of these companies resort to collecting second-hand glass bottles of any type in order to bottle their products.

Another constraint is that the equipment used by the companies tends to be old and in many cases *obsolete*. The production process is therefore often interrupted because of the breakdown of equipment and the unavailability of spare parts.

The supply of *electricity* is also mentioned as a production constraint. In the south of the country, there are constant power cuts and current fluctuations, while in the north of the country the price of electricity is very high.

The *lack of raw materials* is also considered to be a limiting factor to production. The companies most seriously affected are those producing dairy goods, oil and flour. The production of fresh milk in Mozambique is insignificant, so the dairy industry uses imported powdered milk. The supply of sunflower seeds for the oil presses is irregular, and producers of seeds certain of a good harvest pre-arrange with large buyers to sell their crop. In the south of the country, little maize is available for the small milling companies. The large milling companies import maize because there is so little available locally, coupled with the fact that the quality of local maize is poor.

Another factor affecting production is the *lack of funds* to buy raw materials. Sometimes the small companies do not make use of bank finance because of the high costs involved in borrowing. Sometimes the banks refuse to grant loans to these companies because they do not believe they will be able to make the repayments. The survey revealed that the small companies did not have sufficient funds to buy maize and sugar in the north of the country or cashew nuts in the south. In the north there are usually surpluses of maize, which are exported to neighbouring countries while in the south there are shortages of maize. In the north, the small milling companies offer milling services to maize producers and do not purchase the maize that they mill. However, the small industrial milling companies that produce fine maize flour and bran, lack the funds needed to purchase reasonable quantities of maize.

Only one wine bottling company mentioned the *market* as a factor affecting production. One bakery indicated that the poor quality of locally produced flour was a production constraint.

The lack of space for industrial production was mentioned as a production constraint by three companies (one fish processing company and two bakeries).

Vertical integration

Goods produced by the food processing industry are usually destined for direct public consumption. Some products, however, are acquired by other industries which are further processed adding value to the foodstuffs. For example, a confectioner uses sugar to produce sweets; pasta factories, bakeries and biscuit manufacturers use wheat flour, and animal feed factories use wheat and maize bran and sunflower seed husks.

In the survey, only four of the companies referred to the vertical integration of their products. Two of the interviewees said that the restaurant industry processed their products (e.g. using dairy products and cashews). One interviewee referred to the animal feed industry as a user of maize bran, which his plant produced.

Packaging

Packaging is essential to the hygienic commercialisation of food products. The most common types of packaging in Mozambique are polythene and polypropylene raffia sacks for flour, glass bottles for beverages and cardboard boxes for processed fish. Sacks and plastic crates are used for bread, and plastic bottles and cartons are most commonly used for dairy goods.

There is a glass factory in Maputo, and one well-established plastic packaging plant Mozambique. There are two factories producing cardboard packaging – one in Maputo and the other in Beira. Maputo has one factory that produces bottle caps (Crown Cork) and one that produces cans (Metal Box). The raffia sacks are produced in Beira.

Some of the food companies import their packaging, as they are not satisfied with the quality of the locally produced packaging. For example, the companies that process fish for export prefer to import better quality cardboard packaging.

The survey revealed that half of the packaging used by the companies is imported. All of the plastic crates for handling bread and fish are imported, while a similar version produced in Mozambique is used only by the beverage industry. As mentioned earlier, some of the beverage factories re-use other companies' bottles given that local supply of glass bottles often falls short of demand.

Production capacity

Previous studies of the entire Mozambican food industry showed that in 1990, an average of 35% of capacity was being utilised.[7] The following external factors were responsible for the low utilisation of installed capacity:

- a lack of raw materials and other inputs,
- a shortage of spare parts for equipment,
- difficulties with the supply of electricity; and
- competition from imported products.

[7] 'The Direction of Industrial Development in Mozambique' MIE/UNIDO, preliminary version, 1993.

Internal problems included:

- obsolete equipment,
- lack of maintenance,
- an unskilled workforce,
- poor-quality products; and
- poor organisation and management.

The survey revealed that only four companies utilised 100% of their installed capacity. These were the dairy, bakery and fish-processing companies. The other 19 companies indicated that they were not using all their available production capacity.

An average of 58% of available production capacity is not being utilised by 21 of the companies that answered this question. Although this level is rather low (42% of installed capacity is being used), it is higher than in 1990. The survey showed a clear improvement in the availability of raw materials, particularly of agricultural produce. However, some of the companies still lack the capital to purchase these goods. Power cuts still occur, but not as frequently, and not for such long periods as in 1990. Some equipment have also been upgraded since 1990.

Local availability of skilled personnel

The most developed and specialised technical education in Mozambique is in the areas of machine maintenance (metalwork, electricity and mechanics) and construction (carpentry, stone-masonry). Education for the food industry, however, is comparatively undeveloped. The basic training most relevant to this industry is a laboratory analysis course; the most relevant intermediate level course is in chemical engineering. Chemical engineers are involved in quality control and production processes although they are not specialists in these fields. Specialisation develops through work experience and with support from attending technical courses abroad.

The survey revealed that 66% of the qualified personnel needed by the small companies could be hired locally. The other 33% were not available locally. Local specialists were not available in the following areas: the production of dairy goods, wine, alcoholic beverages and bread and in food technology. Mozambique has no training institutions in these areas.

Labour costs relative to production costs

This indicator reveals whether this type of industry employs a high level of labour and whether the cost of labour influences the price of the product (price = cost + profit).

On average, labour costs represent 24% of production costs. The lowest proportion was 7% (alcoholic beverage factory) while the highest was 60% (flour mill). The most frequently declared proportion was approximately 20%. This proportion is justifiable, given that these small companies use low- and medium-level technology, with a high proportion of their procedures tending to be manual. The minimum wage fixed by the

government from April 1999 is US$36/month. The company managers are free to pay wages, which are equal to, or higher than this minimum set by the government.

Investment

Upgrading equipment is important if the companies are to produce good-quality products and achieve a higher level of production capacity (with fewer stoppages due to mechanical breakdowns). Newer equipment also helps companies to compete with local or foreign competitors.

Seventy per cent of the companies interviewed said that they had re-invested in their operations in the past three years, mainly in new equipment. Other companies had invested in rehabilitating their buildings.

The companies that had not carried out any investment activity in the last three years said that they experienced production difficulties related to obsolete machinery, constant breakdowns and a shortage of spare parts.

The reason most frequently given for re-investment was the expansion of production following modernisation. One interviewee said that his company had invested in their operations so as to satisfy health requirements (dairy). Another company made investments so as to meet the standards demanded by the EU (fish processing).

The average cost of investment carried out in the fourteen companies that were willing to reveal this information was about US$140,000.

Four companies believed that they had the potential to expand their industrial activities although they had made no investments over the past three years. The reason given was the high level of demand for these companies' products. Another three companies that had not made any investments in the past three years said that they did not have the potential to expand their activities. Of these three companies, two were small mills in the north of the country where there was a surplus of maize bran. The other company produced alcoholic beverages and had to compete with imports. The rest of the companies that carried out investment over the past three years believe that they have the potential to expand their activities. This was due mainly to the current demand for their products as well as the fact that they were planning to exploit the demand in rural areas.

Sources of finance

The food processing companies with long production cycles need capital to buy raw materials and to cover day-to-day expenses. These companies only see a return on their capital after their products are sold.

The process of obtaining finance is very slow because of the bureaucracy involved and the collateral requirements demanded of the borrowers. Small companies have enormous difficulties in obtaining bank financing. This is due to the fact that they often lack collateral or because the amount that they wish to borrow is lower than the minimum

established by the bank. For these reasons, various public (IDIL and FFPI)[8] and private (Society to Support Small-Scale Investments – GAPI)[9] institutions have been set up to facilitate access to credit for small- and medium-sized companies. However, these institutions only reach a small number of beneficiaries, and their geographical coverage is extremely limited. The finance that is conceded is used mainly to buy equipment and occasionally for raw materials.

Of the companies interviewed, only eight said that they obtained finance from banks. Two others were financed by an NGO and the remaining 12 used their own funds. Of the eight companies that were financed by banks, only three said that it has become easier to obtain bank financing. They felt that this was because of increased competition between banks. In the past five years, the number of commercial banks has grown from three to six and three of these banks have branches in every province. Four companies felt that it was presently more difficult to obtain bank credit. Half of the companies said that the high cost of borrowing (high interest rates) was the main constraint to obtaining loans. The other half said that collateral requirements were the main constraints. Three interviewees referred to the high level of bureaucracy involved, the short repayment deadlines and the need to present realistic viability studies.

Sources of raw materials and other inputs

The principal aim of food processing companies is to add value to agricultural products. For this reason, this type of company is often based close to the agricultural areas or in rural zones. This is the case with small mills, which experienced a boom in the centre and north of the country when the production of maize increased substantially with the end of the war in 1992.[10] Oil presses are also expanding in Manica and Nampula provinces, where the production of sunflowers has increased significantly.[11]

Bakeries can be found nation-wide, concentrating in the urban centres so as to be close to the consumers. The raw material (wheat flour) is produced in Maputo, Beira and Nacala from wheat grain imported by sea (these cities are the three most important Mozambican ports).

The survey revealed that about 76% of raw materials mentioned were bought locally; 16% were bought regionally and 8% obtained internationally. Fifty-four per cent of the raw materials were purchased directly from the producer; 15% from traders; 23% from wholesalers and 8% from other sources. The companies that mentioned other sources included the small mills which do not buy maize but simply offer their services to maize producers who bring their own grain.

The most severe constraints mentioned in the acquisition of raw materials and inputs were:

[8] A chapter in the present study is devoted to the analysis of IDIL and FFPI.

[9] The same as above.

[10] The production of maize increased from 143,000 tonnes in 1993 to 256,000 tonnes in 1997 (Statistical Yearbook, 1997)

[11] The production of sunflower increased from 180,000 tonnes in 1993 to 533,000 tonnes in 1997 (Statistical Yearbook, 1997)

- the time taken to import raw materials;
- the lack of funds to buy these materials; and
- the lack of raw materials (sunflower seeds were mentioned by the owners of oil presses in Nampula, and maize was mentioned by a small mill in Maputo).

Methods of transport for products and raw materials

Product distribution and access to raw materials both depend on the efficiency of the country's transport and communications sector. Good road and rail networks and efficient ports facilitate access to products and raw materials, for both the consumer and producer.

However, in Mozambique all of the networks used to transport goods are inefficient. The principal, secondary and tertiary roads are in poor condition and in some cases impassable. Rail transport is slow and the railway lines only link the Mozambican ports to neighbouring countries, while the main Mozambican ports handle cargo inefficiently.

The survey revealed that 74% of raw materials and the products of 23 companies were transported by road. Eleven per cent of products were transported by air and only 4% by rail.

Some of the constraints mentioned by the interviewees were the poor conditions of the roads and the variable charges levied by road haulage companies. Although GoM stipulates a single price for road haulage, the road transportation companies' charges are sensitive to market forces (demand and supply).

Marketing

The distribution and sale of products is the final objective of the production process. It is when the companies finally sell their goods that they finally see returns on their invested capital.

Companies try to sell their products as profitably as possible, but they are subject to market forces and competition. The products may be sold on the national market or may be exported to regional countries or overseas. With respect to the national market, products are sold in rural zones or in urban centres, at the provincial level or nation-wide.

Some food products are traditionally exported. This is the case with processed fish and cashew nuts. Small fish processing companies export their products directly, while companies that process cashew nuts export their products *via* the large nut producing companies.

The survey indicated that 39% of companies sell their products in urban markets; 21% in village markets; 16% in provincial markets; 11% in domestic national markets and 13% export their products (8% to regional export markets and 5% overseas).

Most of the companies sell their products to retailers (42%) or directly to the public (28%). Only 19% sell their products to wholesalers, while 11% sell to agents.

The type of information considered by companies to be very important but lacking was:

- the domestic demand for products (17% of replies);
- export demand for products (43% of replies); market information (30% of replies);
- price information (19% of replies);
- product information (25% of replies); and
- general business information (31% of replies).

Trade fairs and exhibitions were rarely used by the food processing companies to exhibit products and find out about competitors' goods. Nineteen out of the 23 companies interviewed said that they had not attended any local or international trade fairs in the last three years. The other four companies had participated in fairs or exhibitions. These were companies which produced dairy products, cashew nuts and bread. Only two of these companies had participated in international fairs, and this was in 1996.

Small-scale food processors and information requirements

One section of the enterprises' questionnaire referred to information – the main sources of business information and the types of information that could help the entrepreneurs to develop business. The main sources of information mentioned in the questionnaire were by word of mouth, radio, television, newspapers, business magazines and newsletters distributed by the government or business associations.

The survey showed that word of mouth was the most common source of information (50% of replies). Following this were radio and television (each with 17% of replies). Only 8% of the companies mentioned newspapers, while 6% mentioned newsletters distributed by the government or business associations. One company said that it used the Internet as a source of information. Surprisingly, radio and television were mentioned by an equal number of companies as a source of business information. In Mozambique, radio is an important source of information in rural areas especially since local television is only transmitted in Maputo, Beira and Nampula. With the popularisation of satellite dishes in Mozambique, many companies have access to foreign channels, some of which transmit business information.

Thirteen entrepreneurs considered market information to be essential, while 11 entrepreneurs thought that information about production processes and technology was important. Seven interviewees referred to supplier information as important. It can therefore be concluded that the companies considered all of the various types of information mentioned in the questionnaire to be equally important in helping them to develop their businesses.

Constraints to business

The survey confirmed that the most serious problems affecting the small food processing companies' operations were shortages of local raw materials, packaging materials, the supply of electricity and poor transport infrastructure.

More than 50% of the companies felt that existing telecommunications, water supply and waste disposal services did not affect production.

Thirty per cent of the companies did not see the shortage of skilled manpower as a constraint, while more than 35% of companies considered it to be a minor problem.

Only those companies that did not upgrade their equipment considered obsolete technology to be a serious problem.

In relation to the macro-economic environment, the most serious problems facing companies were inflation, bureaucracy and a lack of incentives for investment. Nine companies mentioned the level of government taxes as a moderate problem, while only six companies felt that the problem was severe. Competition from imports was seen as a severe problem by companies that produced products, which were in direct competition with these imports, i.e. dairy companies, beverage factories and some mills and bakeries.

For more than 50% of the companies, the following factors were not considered a problem: municipal taxes; licensing and registration; environmental regulations; labour regulations; and the uncertain policy environment.

Quality of business associations

After Mozambique's independence in 1975, business associations were closed down by the government. The economy was centralised and most private companies were nationalised and controlled by the State. After 1987, with the change to a market economy, the State privatised most of the companies it had previously nationalised.

With the growth of the private sector, new business associations have been created. The oldest association – the Industrial Association of Mozambique, was created in 1989. These new associations however, have very little experience of working within the private sector.

The survey confirmed that SFPEs do not consider these associations to be particularly helpful. Of the 23 companies visited, only ten were members of associations. The associations mentioned were the:

- Chamber of Commerce (3 replies);
- Commercial Association (2 replies);
- Bakery Association (2 replies)

- Nampula Industrial and Commercial Association (1 reply); and
- Semi-industrial Fishery Association (1 reply).

Two of the companies were members of two associations. A beverage company in Maputo was a member of both the Industrial Association of Mozambique and the Chamber of Commerce. A bread-making factory was a member of both the Bakery Association and the Commercial Association.

Only four companies mentioned the benefits of belonging to associations. Three companies mentioned that the Chamber of Commerce helped with making contacts, exchanging ideas internationally and providing business information *via* the bulletin it distributes to members. Some interviewees said that the Industrial Association of Mozambique provided prompt help in resolving problems.

Few of the companies considered the associations to be useful, and only one felt that an association (the Chamber of Commerce) was efficient and provided value for money.

Various suggestions were made as to which services could be offered by associations so as to improve business. These were:

- increased market information;
- more frequent exchanges of ideas between regional and international associations;
- assisting companies to obtain low-cost finance;
- making the price of road transport uniform.

The reasons some companies gave for not joining associations were that:

- they are not at all useful;
- there were no associations in their area.

4.5 SWOT analysis

Enterprise internal analysis

- Strengths:

- Greater flexibility in the employment of manpower. Often with or without remuneration, depending on the type of work developed.
- Use of basic technology and simple techniques.
- Relatively small investment volumes required.

- Weaknesses:

- Weak management capacity linked with the inadequate academic background of the owners and employees.
- Limited resources resulting from a lack of capital accumulation and lack of a cost/income control system.
- Obsolete equipment/technology.
- Low utilisation of existing capacity.

Enterprise external analysis

- Opportunities:

- Possibility of processing agricultural surplus.
- There is a huge potential market for food processing products in rural areas.
- Possibility of finding new markets in Mozambique or abroad.
- Increase in agricultural crops and cultivated areas (raw materials for food processing sector).

- Threats:

- Competition from imported products, usually a better quality/price ratio.
- Shortage of locally-made packaging for processed food products.
- Most of the processed raw materials are based on seasonal agricultural crops
- Better fringe benefits and wages offered by large enterprise to technicians, discouraging small-scale enterprise managers/owners to invest in the training of their personnel.
- Exports of raw materials without the value added.
- Road networks in poor condition (or impassable), impeding the sale of processed food products in rural areas and their flow from rural areas to more favourable markets.
- Commercial rural network not yet re-established.

5 Provision of support services and market facilitation

5.1 Overview of service providers' objectives and mandates

The surveyed service providers are mainly involved in offering training and educational programmes, followed by grant and loan financing facilities, technical advisory services and production technology assistance. Table 8 (*see* Annexes) summarises the services provided by organisations visited.

The survey covered three categories of service providers based on ownership:

- Government sponsored institutions;
- Private institutions (such as business associations);
- NGOs.

A brief summary of the objectives and mandate, the level of networking and availability of training programmes of each service provider surveyed are presented below:

- IDIL – Instituto Nacional de Desenvolvimento da Indústria Local (Institute for the Development of Local Industry).

  IDIL was created by GoM in 1988. IDIL's aims are to promote and develop micro-, small- and medium-scale industries. Since its inception, it has undertaken various activities such as:

- assistance in the identification and preparation of projects for small- and medium-scale industries;
- preparation of feasibility studies;
- training courses for managers of micro- and small-scale industries through the programme 'Develop your Own Business', and for potential businessmen under the programme 'Start Your Own Business'[12];
- assistance to women working in the informal sector through training, technical assistance and credit.

  IDIL has headquarters in Maputo and delegations in all provincial capitals. Outside Maputo, the two main delegations are located in Beira and Nampula and have the technical capacity to prepare feasibility studies.

[12] These programmes are sponsored by the International Labour Organisation (ILO).

- FFPI – Fundo de Fomento à Pequena Indústria (Fund for the Development of Small-Scale Industry)

  FFPI is a public institution created in 1990 with headquarters in Maputo and delegations in Chimoio and Nampula. The objectives of FFPI are:

- to grant credit to feasible projects and to micro- and small-scale enterprises;
- to contract studies and projects targeting the development of micro- and small-scale industry.

  This last objective is carried out in collaboration with IDIL. Presently, there are 65 loans to small-scale enterprise borrowers with a total outlay of US$ 1.2 million. The average loan is US$18,500.

- FFP – Fundo de Fomento Pesqueiro (Fishing Development Fund)

  FFP is a public institution created in 1996. The objective of the FFP is to provide financial support for interventions aimed at stimulating private investment in the following areas:

- artisanal fishing and naval construction;
- ice production and the establishment of refrigeration networks to commercialise fishing products from artisanal fishing;
- industrial fishing of non-exploited resources or in new fishing zones;
- upgrading and expanding the semi-industrial fishing fleet;
- fish processing installations to increase the value added to catches;
- aquaculture.

  FFP complements the technical assistance provided by the Institute for the Development of Small-scale Fishery Sector (IDPPE) to artisanal fisheries with the concession of small credit facilities. Its headquarters are in Maputo and there are delegates (a representative of IDPPE) in all the main fishery centres – Pemba, Angoche, Quelimane, Inhambane and Inhaca. To date, only small loans have been granted (boat motors, nets, etc.) to fishers' associations.

- GAPI – Sociedade para Apoio a Pequenos Projectos de Investimento (Society to Support Small Investments)

  GAPI is a private financial society promoting the socio-economic development of Mozambique through support for small- and medium-scale enterprises. It was founded in 1990 by an initiative of the Friedrich Ebert Foundation (connected to the Social Democratic Party in Germany). It operates together with the Banco Austral (formerly BPD). GAPI has headquarters in Maputo. At the provincial level their services are provided through Banco Austral.

Their main activities are:

- the provision of credit (for the development of investment projects);
- providing consultancy services and technical assistance (for the improvement of management and organisational capacity of small enterprises); and
- conducting training programmes (to increase the management capacity of small entrepreneurs).

- IDPPE – Instituto de Desenvolvimento de Pesca de Pequena Escala (Institute for the Development of the Small-Scale Fishery Sector)

  IDPPE is a research institute dedicated to the development of the artisanal and semi-industrial fishery sector. Through their Department for Social Development, IDPPE provides assistance to fishery entrepreneurs by providing information on technical and financial matters. For financial matters, IDPPE works together with FFP. IDPPE has its headquarters in Maputo with representatives in all of the main fishery centres.

- AIMO – Associação Industrial de Moçambique (Industrial Association of Mozambique)

  AIMO is an association of industrial enterprises, created in 1989. Its headquarters are in Maputo and there are delegations in Beira and Nampula. Presently, AIMO has about 180 members among which include small, medium and large enterprises. AIMO represents the industrial private sector in negotiations with the government. AIMO also edits a monthly informative bulletin, 'Industrial', for its members.

- ACTIVA – Associação Moçambicana da Mulheres Empresárias e Executivas (The Mozambican Women Entrepreneurs' Association)

  ACTIVA is a social and professional businesswomen's association, which was established in 1992. The aim of the association is to provide assistance to professional women, to identify and consider their main concerns and to assist in the protection of women's rights. With about 200 members spread throughout the country, ACTIVA has sponsored a series of activities, including training programmes, seminars and conferences on the role of women in the development of the economy and society. ACTIVA is presently developing a training programme for female managers of micro- and small-scale industries through the programme 'Develop your Own Business' and potential businesswomen under the program 'Start Your Own Business'. Three to four times a year, ACTIVA organises fairs for the exhibition and sale of members' products in Maputo. ACTIVA edits a quarterly bulletin ('Boletim Informativo') which has temporarily stopped due to lack of funds.

- LINK – forum for NGOs

  LINK is a forum of NGOs operating in Mozambique. LINK develops programmes at the national level for the capacity building of NGOs. LINK finances meetings and organises activities for NGOs operating in different geographical locations. LINK

cooperates with provincial authorities, which sometimes promote LINK programmes and activities in the provinces. Periodically, LINK holds meetings with NGOs to discuss issues of common interest. LINK has a library with the annual reports of NGOs activities, magazines, bulletins, etc. LINK also edits a weekly bulletin ('Link Notícias') which provides information on the work developed by NGOs, new reports, magazines and books available at the library and the dates of seminars and other meetings.

- FDC – Fundação para o Desenvolvimento da Comunidade (Community Development Foundation)

  FDC works with Mozambican NGOs in the area of capacity building. FDC has developed a training programme in the design, implementation, monitoring and evaluation of projects. The second step is providing training in financial management. FDC also provides technical assistance to key personnel in NGOs so as to improve the management skills within the organisation. FDC is also facilitating the creation of a forum of NGOs at the provincial level as well as a forum for NGOs operating in the same areas of activity. Presently, FDC is informally housing the forum of Mozambican NGOs.

- AFRICARE

  This NGO was established in Mozambique in 1984. Since 1997, AFRICARE has been operating in five of the districts in the Manica Province. It is developing a programme in the area of food security. One component of the programme is to provide support for the production of sunflower and sesame seeds and their oil produced using manual presses.

  AFRICARE provides support in the following areas:

- supply of improved seeds (after treatment by their own technicians in the field) to the farmers;
- technical assistance in the production of oilseed and other food/cash crops;
- facilitates in the purchase of manual oil presses;
- technical assistance in oil production; and
- animal husbandry techniques.

  In 1998, 1,500 farmers benefited from the AFRICARE programme, producing 810 tonnes of oilseed. The 300 oil presses installed produced 96 tonnes of edible oil.

- CARE

  CARE is an NGO operating in four of the districts in the Nampula Province. Its operations are similar to that of AFRICARE. CARE supplies improved seed varieties and providing local pressing capacity. The project's goal is to increase the

income of the press owners and small-scale oilseed growers in the project area, and to provide rural consumers access to high quality, low-cost cooking oil.

In 1998, there were 1,800 farmers involved in the production of oilseeds. Annual production is approximately 3,000 tonnes. Three hundred oil presses are currently installed in the four districts.

CARE is also promoting the production of white maize for export to Malawi, Tanzania and Kenya.

- World Vision

  World Vision is an NGO with a large presence in Nampula and Zambézia. It is involved in many areas of agricultural production (including the improvement of seeds). Recently, World Vision started to look at the cashew sector, including the processing of the cashew nut and apple in an effort to identify possible areas of assistance in the commercialisation of the cashew apple and nut (including juice making and nut processing) at the village level. To support cashew nut processing, World Vision procures and finances the acquisition of processing equipment to future small-scale enterprises. Technical assistance to run the equipment is also provided.

5.2 Degree of adequacy and effectiveness of services

On a whole, the number of beneficiaries reached by the service providers in Mozambique is extremely limited. The reasons for this include poor publicity for their services (e.g. FFPI) and the poor quality of the services offered (e.g. some business associations mentioned in the enterprise survey).

The NGOs' activities are mostly directed towards agricultural development, normally to add value to products through processing and to find more favourable markets, including export markets. These activities (in agriculture, industry and commerce) offer a good opportunity for working with the beneficiaries. They also guarantee the sale of agricultural products. NGOs involve the local communities in the management of projects so that work will be able to continue without external assistance after the withdrawal of the NGO.

The business associations do not satisfy the needs of their members. Two years ago, a Confederation of Economic Associations was created in Mozambique, with the aim of linking all the private sector associations at national and provincial levels. It has not been entirely successful. Some associations do not wish to join the Confederation because they do not agree with some of its objectives. One of these objectives is to represent the private sector in dialogues with GoM to discuss government reforms and policies. An annual private sector conference has been held for the past four years, where the Confederation and the government discuss an action plan that is to be implemented or initiated before the following conference. This dialogue between the public and private sector has brought some positive results, mainly related to the gradual strengthening of

business associations. For example, GoM acknowledged the private sector's point of view with respect to the revision of customs duties.

The public institutions visited, receive limited funds from the State and international organisations, and although these institutions wish to expand services, they lack the necessary capital and personnel to do so. All the public and private institutions visited that offer financial services, say that they have a high rate of return on the capital they lend. This suggests that the lending institutions are very good in following-up loans and protecting their investments.

During the interviews, the service providers mentioned that they are unable to provide some services that are requested by clients. Table 9 (*see* Annexes) shows some of the services which are not offered by the service providers, but which are requested by the clients. From Table 9, it was possible to summarise in Table 10 (*see* Annexes) the frequency with which unavailable services are requested by clients.

The services that are most frequently requested are grant and loan facilities. These requests are most commonly made to NGOs, whose funds are supplied by international organisations for the implementation of well-defined projects. Funds can not therefore be diverted to meet individual requests. Examples of this include:

- AFRICARE which is examining the financial possibilities of building small warehouses for sunflower seeds;
- World Vision which only finances the purchase of equipment, not working capital; and
- CARE which finances the purchase of just one oil press per company.

In addition to this, NGOs, public institutions and business associations are unable to supply sufficient information on business, technology and other relevant areas. In reality there is a general shortage of information about business and appropriate technology – two subject areas which are essential for the development of small companies.

The third service requested by clients was in the area of management training. These requests were mostly made to public institutions which facilitate financing but which do not offer and support their clients in the area of business management. This is the case with FFPI and FFP. These institutions are supported by technical advice provided by IDIL and IDPPE respectively.

5.3 Main constraints experienced by service providers

The main problems faced by service providers are summarised in Table 11 (*see* Annexes).

The main difficulty facing both the private and public institutions visited (with the exception of the NGOs) is their lack of financial capacity and personnel. This means that they are unable to expand their activities to reach a larger group of beneficiaries. The public institutions visited rely on income generated by the provision of services as well as

a government budget and funds from international organisations. Besides commercial activities, which provide an income, they also carry out activities to promote SMIs. These costs are financed by the government. To enable these public institutions to compete on an equal footing with private institutions, the State needs to be considered as a client, which pays the institution for services rendered.

Another constraint that was frequently mentioned was the lack of management capacity and entrepreneurial culture among the managers of small companies. This means that some businesses close down after a few years. To resolve this problem, managers need management training courses. In addition, the institutions should monitor the companies' progress through more frequent visits to those companies with poor management capacity. This would guarantee the return of borrowed capital, and the strengthening of small businesses.

5.4 Information dissemination methods

The methods of communication between the institutions visited and their clients can be divided into three groups according to the type of institution and service offered:

- NGOs

  The NGOs approach their beneficiaries in order to implement their projects. They use their own rural extension network to disseminate information. The extension workers use bicycles for their rural visits. Sometimes they visit their beneficiaries only twice a year, owing to the poor condition of rural roads, but on average they visit every two months. The visits are aimed at monitoring the technical aspects of the projects linked to operation and equipment maintenance problems. The extension workers also ask for interest payments on loans. They employ demonstration methods for technical training. They also use theatre groups, songs, posters and provincial radio for education and information dissemination.

- Finance facilitation institutions

  The clients approach these institutions, which publicise their services in brochures, leaflets and posters. These institutions also carry out visits to supervise and monitor the technical aspects of the projects that they are financing. These visits may be carried out monthly, or every two or three months until all of the capital has been returned. This generally takes one to two years.

  The training courses are publicised in newspapers, or *via* letters to NGOs or business associations. Telephone and fax are the most commonly-used methods of communicating with clients.

- Business associations

  The associations publish bulletins giving information about their activities, they also publish articles on subjects of general interest. However, publication is often

irregular due to lack of funds. Communication with members is in the form of letters, which are hand-delivered, mailed or faxed. The annual meetings are advertised in the newspapers.

These methods of communication have proved to be fairly effective, so the service providers are not likely to change in the near future. With the expansion of e-mail as a cheap method of communication, beneficiaries and clients in the main urban areas will most probably use this in the future. Before this can take place however, it will be necessary to invest in computer equipment and improve the telephone system, as well as expanding the network to reach at least the district capitals.

6 Agro-processing marketing information systems

6.1 Current situation

Presently, some public entities, some private sector organisations and NGOs, are working actively on collecting, processing and disseminating agricultural market information in Mozambique. The need for market information began in 1987 after the transition from a centralised market economy to a more liberalised one.

The major entities presently involved in trade and market information activities are:

- Public entities

- The Food Security Project (PSA/MSU/USAID)[13] in the '*Direcção de Economia Agrícola*' (DEA) of the Ministry of Agriculture and Fishery (MAP).

- The Food Security Department (DSA) in DNCI/MICTUR, supported from 1997 by the Marketing Management Assistance Project (FAO/EU funded).

- The '*Instituto de Cereais de Moçambique*' (The Mozambican Institute of Cereals, ICM).

- NGOs and private sector

- A number of NGOs (Medecins sans Frontiéres – Consolidated Information System, MSF-CIS; World Vision; CLUSA; Co-operative League of the USA)

- A number of medium- to large-scale private commodity traders, brokers and millers

DEA/MAP has been running an Agricultural MIS since 1991 (*Sistema de Informação de Mercados Agrícolas* – SIMA). This information system was established with external technical assistance from MSU and funded by USAID. Technical assistance and financing are still provided to DEA/MAP through the Food Security Project (PSA). SIMA collects weekly information (price data on basic food at producer, wholesale and retail levels in 25 towns and villages and 41 local markets, using a network of extension staff). The commodities covered by SIMA are white maize grain and five types of maize flour, yellow maize grain, cassava (dried and flour), wheat flour, beans, rice, brown sugar, edible oil and groundnuts. This information is published in a weekly bulletin entitled '*Quente-Quente*'. This weekly bulletin is also available at a Web site on the Internet.

Recently, '*Quente-Quente*' has also begun to publish regional and international prices for maize, wheat and rice and future prices for maize obtained from the Internet and compiled by DSA. SIMA also publishes a monthly bulletin entitled '*Boletim Mensal de*

[13] PSA – Food Security Programme; MSU – Michigan State University; USAID – United States Agency for the International Development.

Informação de Mercados Agrícolas' containing more extensive information on general market developments, price tables (domestic, regional and international actual and future prices) supply indicators, and graphs showing the price evolution during the last 12 months for the main commodities. In 1997 and 1998, SIMA decentralised its information activities at the provincial level through the establishment of SIMAPs (Provincial Agricultural Market Information Systems) in Manica, Nampula and Gaza. These SIMAPs are based at the DPAs (Provincial Directorates of Agriculture) and cover the most important markets and most relevant commodities in a particular province. SIMAP's staff, trained by PSA/DEA/SIMA, collects data collection, examines and disseminates information to users. SIMA provides supervisory services to SIMAPs and funds their operating costs.

DNCI/MICTUR started by monitoring the stocks and food aid arrivals and making projections of food balance sheets. More recently, and as part of their food security monitoring activities, they have taken more interest in providing information related to a wider range of market and trade issues. However, most of this information is obtained from secondary data sources and some data are collected directly through the DPICT[14] staff.

The Mozambican Institute of Cereals (ICM) uses information collected by the field staff based at its warehouse network throughout the country. They have their own internal information system and the data collected include prices and stocks (principally of maize). Other sources of information are international commodity trading companies to which ICM is associated. ICM has access to international and regional market and trade information.

Some NGOs are involved in market information services. MFS-CIS, collects one of the most extensive data series in Mozambique. The data are collected at the district level (82 districts) by DPA's extension staff, and analysed by the CIS staff. This information is published monthly in a bulletin entitled '*Boltetim de Segurança Alimentar*'. The data cover indicators relating to the adequacy of the food supply system (agricultural programmes, market functioning, harvests, food distribution and habits, household food reserves, malnutrition rates, household food security and movement of population). The EU funds this activity.

World Vision uses its extension staff to disseminate market information to the beneficiaries of their projects. This NGO publishes a weekly bulletin on retail price information, which covers 36 products for five districts in Nampula and Zambezia, where the World Vision runs projects.

CLUSA, a USA NGO operating in Nampula, irregularly publishes a market information bulletin entitled '*Sistema de Recolha de Informação sobre o Mercado*' (SRIM). It is used for the CLUSA producer association development programmes and contains information on buyers of agricultural products, input suppliers and retail price information for grain (obtained from SIMA) for five markets in the Nampula Province.

[14] DPICT – Provincial Directorate of Industry, Commerce and Tourism.

The private sector has created its own market and business information mechanisms and channels. Large-scale traders obtain international information through their association with international traders on the most important regional and international markets. Information on the domestic market is obtained through their delegations in provinces or local competitors. The business associations do not provide this kind of information. Some business associations publish bulletins irregularly and the information is normally outdated. This is the case for AIMO, ACTIVA and the Chamber of Commerce.

6.2 Institutional aspects

From an institutional point of view, it should be recognised that all major market information activities are largely project-driven and supported (e.g. the MSU supported by USAID; MFS-CIS supported by the EU and 'Marketing Management Assistance Project/FAO' supported by the EU.

Both MSU/USAID and MSF-CIS/EU use provincial and district agricultural extension staff for basic data collection and information dissemination. The staff receives monetary incentives to collect and submit data instead of changing their job description to include this task as part of their regular responsibilities. The headquarters staff should also be trained and their functions restructured. These two actions would lead to a gradual institutionalisation of market information functions. It would also improve the sustainability of such functions without the need to resort to project-driven incentive payments. Without this attitudinal change, the sustainability of the existing systems, once the current project support finishes, is highly doubtful.

6.3 Data collection and availability

The two main information providers (SIMA and MSF-CIS) have different final objectives. SIMA's main objective is the provision of agricultural price information whereas MSF-CIS is mainly interested in household food security and agricultural and nutritional information. For SIMA, the choice of its markets is linked to what are considered to be the main regional and local markets for collecting commodity prices. For MSF-CIS, the points of collection data are localities in peripheral areas. For this reason, the availability of market information (mainly market prices), varies from one location to another. In addition to this, due to changes in price collection methodologies and commodity coverage, various price series for different commodities exist at present. For example, price data collected by MSF-CIS comprise two series – the first series provides data on a locality basis during the period of 1995–1997 while the second one provides aggregated data on a district basis from 1997.

The commodity coverage provided by SIMA is larger than that of MFS-CIS and includes yellow maize (grain and five types of meal, domestically processed and imported) and wheat (both locally milled and imported flour).

To conclude, MSF-CIS has a far wider geographical reach but more limited commodity coverage when compared with SIMA which collects data on a wider range of commodities in a limited number of locations.

6.4 Information reporting and dissemination

There are several reports published currently by various institutions and agencies. Table 12 (Annexes) gives a summary of the more important reports published, along with some explanations referring to contents, frequency and dissemination.

The reports referred to in Table 12 (Annexes) can be divided into two groups according to their main areas of focus, that is, those containing market information and those containing food security information.

SIMA has the most extensive information distribution system with a weekly and a monthly price publication. These two publications are widely disseminated to the private sector, donors, government agencies, NGOs, etc. The provincial radio stations also broadcast price information from the SIMA system. In addition, SIMA also provides data to a private information service (Mediafax), which faxes information to local and international traders and manufacturers.

Data from MFS-CIS are also widely disseminated. The information provided is on agriculture, food habits, on-farm stocks, malnutrition and household food security.

The CFMU report is relevant both in terms of determining the market's viewpoint and for food security monitoring purposes. This publication has restricted distribution.

The reports from DSA and DNCI/MICTUR are highly descriptive and their dissemination is restricted. They provide information obtained from secondary sources and cover only a few commodities. The quarterly food security bulletin is the most quantitative report and includes a food balance sheet, price information and a general overview of the actual and prospective food supply situation by basic commodity.

A number of constraints within the existing MISs have been identified in terms of the analysis of price and market data. Some of these are:

- reported prices are not compared with similar periods of preceding years;
- reported prices do not provide real price developments;
- price reporting does not provide a good insight into the seasonal price patterns for the major commodities. These price patterns may be useful for extension agents and traders. The comparison of current prices with the established pattern can provide indications of serious food deficits or clearing problems;
- scanty and incomplete information on sub-regional markets and trade.

6.5 Demand for market and trade information

A Policy Discussion Note was written and elaborated on by the DNCI/MICTUR in collaboration with the Marketing Management Assistance Project in December 1997. This document[15] provides an overview of the potential target beneficiaries for market and trade information as well as their likely information requirements in the short- and long-term. This overview is summarised in Table 13 (Annexes).

A comparison of these theoretical requirements with the presently existing information provision reveals the following:

- The current information provision concentrates on price data. However, these data do not have the same value for different target groups. Farmers are more likely to know the prevailing prices offered at the nearest markets at the district level, whereas small- and medium-scale traders may be more interested in prices at the major district markets within a particular province or markets of the bordering provinces. Larger traders may be interested in prevailing prices at the major provincial and district markets throughout the country.
- International and sub-regional prices, actual price development and seasonal price patterns are essential for large traders, processors, policy-makers and bankers. This information is not relevant for farmers and may be of limited relevance for small- and medium-scale traders.
- The current information systems do not provide information on trade data, tariffs, logistical costs, policy issues, port handling and domestic transport costs. This information is essential for large traders/brokers and agro-processors.
- Information on crop/market forecasts and trends is essential for all market participants, including those in the small-scale farming sector (through the extension service). Such information, however, is currently, but not regularly provided.

The market and trade information requirements vary according to the targeted marketing participant. No single information system can be expected to provide all the information required in a timely and regular manner to all participants at the same time.

The current information provision by MSF-CIS is less market and more food security oriented, and hence is not really reflected in the above comparative analysis.

The present orientation of SIMA is best represented in the above comparison, but its main target group is the farming community.

[15] DNCI/MICTUR, 'Some Reflections on the Provision of Market and Trade Information in Mozambique: Current Situation and Future Development Prospects', 1997

The responsibility for the collection, analysis and dissemination of trade and market related information which falls within the mandate of DNCI/MICTUR (see trade policy above) is currently in the process of being developed.

In the absence of a concerted effort in the past by MICTUR, SIMA provided some commodity trade-related information as part of its regular market monitoring activities. Some of these data are gradually being provided through the trade information network currently being developed by DNCI. Both activities, however, would have to become largely complementary, as part of a broader market and information network.

7 Conclusions and recommendations

7.1 Policy, regulatory, investment and business climate

Main conclusions

- The Industrial Policy which was published in 1997, gave priority to the development of SMIs as well as food and agro-industries. This policy is based on the belief that these sectors of the economy are capable of rapid growth, and that SMIs can make a contribution to the consolidation of industry and can be rapidly established in rural and suburban areas. Despite these priorities, no department exists which is dedicated exclusively to the small-scale food processing industry at the level of (MICTUR) and DNI. Instead, there are departments which deal with the whole of the manufacturing industry. Besides showing commitment to the Industrial Policy, the creation of a department with staff dedicated exclusively to the development of small-scale food processing industries would be a means of supporting the development of this sector of the economy.

- Despite the presence of incentives and financial benefits for investment, the small-scale food processing sector continues to face problems caused by a shortage of investment funds. The procedures for obtaining these incentives are slow. Many documents have to be presented, some of which are technical (feasibility studies etc.). Small companies are discouraged from applying for incentives by the complicated bureaucracy involved in the process.

- The Industrial Policy indicates that financing mechanisms will be created to facilitate SMI's access to finance. If this system is well implemented it could make a useful contribution to the rapid growth of these small companies. Presently the majority of credit is provided by banks – a system that does not meet the needs of most SFPEs.

Recommendations and solutions

- DNI should create a department as soon as possible that is exclusively dedicated to the development of small- and medium-sized food processing industries. This department should adopt the measures delineated in the Industrial Policy, as follows:

- The creation of an economic environment that is more favourable for the investment and production of small- and medium-sized food processing companies. Procedures for access to credit should be simplified. Innovative credit procedures should be implemented for micro- and small-scale companies, as well as rapid procedures for registering and legalising companies.

- In collaboration with IDIL, programmes should be developed to promote technology and business training with the aim of increasing management capacity and developing entrepreneurial spirit.

- A management information system should be set up in collaboration with DNCI/MICTUR and IDIL. This should develop the capacity to disseminate information that may be of interest to the SMIs. This may include information about legislation and regulations, incentives, finance mechanisms, procedures and technology, investment and market opportunities and suppliers.

- In order to initiate and develop a department dedicated to SMIs at the level of DNI, the department's key employees should be trained in development policies for small food processing companies. Donor support could assist in this training.

- MICTUR should phase in those Industrial Policy measures (aimed at the rapid development of Mozambique's industrial sector) which complement the growth of the small- and medium-sized food processing companies. Some of these measures are as follows:

- In the short-term: protection and incentives for the national industry: customs controls to limit illegal imports; reform of the fiscal system, adjusting customs guidelines to meet the needs of small companies; reinforcement of pre-shipment inspections, prioritising of locally-produced raw materials to national industries.

- In the medium- and long-term: progressive diffusion of industry throughout the whole country *via* the creation of infrastructure (roads, water, electricity, sanitation etc.); and the development of local incentives aimed at setting up investment projects outside the main urban areas. The private sector should be allowed to enter into markets for electricity, telecommunications and water supply.

7.2 Service providers

Main conclusions

- None of the service providers in the country are specifically geared towards small-scale food processing companies. The existing institutions that are dedicated to small industrial companies (IDIL, FFPI, and GAPI) are involved with all types of manufacturing companies including agro-industries. The development of small-scale food processing companies would be more effective if there were service providers dedicated exclusively to this sector.

- IDIL (a public institution) and GAPI (private) are the two service providers with the widest national coverage that work with small industries. IDIL has delegations in all the provincial capitals, and GAPI operates through Banco Austral (ex-BPD) which is also represented in all the provincial capitals. These two institutions are mainly involved in facilitating investments, although they also offer technical assistance to their beneficiaries and courses in management capacity building. GAPI, is a privately

run institution whose aim is mainly to generate a profit, while the state-owned IDIL aims at both creating a profit as well as promoting local industry. Of these two companies, the state-funded IDIL would be the better choice to provide a technology information service to the small-scale food processing companies. Its sole objective would be to promote the development of these companies rather than to create profit.

- Small-scale food processors' associations (such as those for bakeries and small mills) do not defend the interests of their members nor do they contribute to the development of the sector. The members of these associations see no advantages in being members, as they receive nothing in return. It is important that these associations become much more attractive to their members. For example, they could be used by members who wish to meet and discuss common problems and issues and reach decisions, which could be implemented. If the associations developed attractive activities and helped their members to achieve useful results, they could be important sources of information for the government. For example, information could be gathered concerning the industry's concerns and their suggestions for strengthening the private sector. Examples of attractive activities are the dissemination of information about business, technical and technological issues, access to credit and the provision of training courses.

- CLUSA is presently encouraging the formation of associations for small farmers. These associations will attempt to channel credit towards buying means of production, and locate markets for their members' agricultural products. Some small cashew processing companies have also found it necessary to form their own association (AICAJU serves the large cashew processing companies), which facilitates access to credit to buy raw materials, and acts as an agent for exporting processed nuts. The Fund, which promotes the development of the fishery sector, is also encouraging the creation of associations for artisanal fishermen, to assist with loans and guarantee returns on capital. Those associations whose members benefit from their activities tend to grow in strength as their members make voluntary contributions of funds to develop new areas of activity.

Recommendations/solutions

- IDIL should be restructured by DNI/MICTUR to enable it to achieve greater coverage in terms of the number of its beneficiaries and the diversity and quality of its services. IDIL should develop a division exclusively dedicated to small-scale food processing companies, with the objective of promoting their development. IDIL should look for the most favourable finance mechanisms, promote management courses for small businesses (continuing with ILO, or other suitable courses) and provide technical and technological information for small food processing companies. Key personnel in this division should be trained with the financial help of donors.

- IDIL should create a technological and technical research centre in Maputo to be used by the small food processing companies. IDIL's delegations in the provincial

capitals would gather information concerning the companies' needs. This could be done in two ways: *via* the processors' associations or the processors themselves. Technological and technical information would then be channelled back to these two groups. DNCI/DNI within MICTUR would supervise and co-ordinate these activities, as they are centrally placed to set up a management information system for the small-scale food processing industry.

- The creation of associations for SFPEs should be encouraged by the government and NGOs. Through these associations, institutions, which supply services, would be able to reach a greater number of beneficiaries than they could if they were dealing with individual companies. The associations could disseminate management information to their members and could work together with IDIL to present their members' needs for technological and technical information. The associations could also serve as financial intermediaries for the credit institutions. In order to offer the above services, the associations will require trained personnel and materials (particularly computers). Donors could support training activities and supply the necessary materials.

7.3 SFPEs

Main conclusions

- SFPEs, like any other small-scale or micro company, have the flexibility to adapt to fluctuations in the market and the capacity to adapt to difficulties in supply. They are able to make full use of production factors and installed capacity and do not rely heavily on qualified labour, infrastructure or services. They are able to make use of local agricultural raw materials, which are available in small quantities. Given these characteristics, they have the potential for rapid growth if they are well supported.

- Despite these positive attributes, there are some internal weaknesses such as: poor management capacity owing to low levels of academic training and limited capital for purchasing raw materials and upgrading equipment. The main external constraint hindering the development of these companies is the poor condition of the road network. This impedes the sale of products in rural areas and in more favourable markets. The distribution of raw materials to the centres of production and the re-establishment of the rural commercial network are also hindered by the poor state of the road infrastructure.

- Those subsectors, which have the greatest potential for growth in the short-term, are: small-scale maize milling, cashew processing, manual oil pressing and the bakery subsector. The cashew processing companies and the small oil presses are presently receiving technical and financial support from NGOs and as a consequence they are developing at a rapid rate. The number of new companies is also increasing at a significant rate. When NGO-support ceases, these small producers will need trade associations to act as intermediaries for them when dealing with the government,

suppliers and traders. The associations could offer them the kind of support that is presently being provided by the NGOs.

- The survey demonstrated that companies need information in order to improve their businesses. Their main data needs include information on technology and production processes, markets, prices and suppliers.

Recommendations/solutions

- Management training and capacity building courses should be made available to SFPEs. 'Improve your Business' courses provided by ILO, coordinated by IDIL and others could contribute to the improvement of company management. Management capacity building courses could also be used to interpret and explain available information. Donors could give support to these capacity building courses, while the trainees themselves could pay a small percentage of the costs.

- So as to facilitate the small- and medium-sized companies' access to credit, the State should:

- create credit lines with commercial banks, specifically aimed at small- and medium-sized food processing companies;

- simplify the level of bureaucracy and procedures, and reduce credit approval deadlines;

- finance working capital.

  IDIL could be the intermediary between the commercial banks and companies, and could integrate credit concession with its management training and technical assistance programmes.

- Public sector investment should be used to develop infrastructure (transport, communications, energy, water, sanitation etc.) so as address the external constraints to development which affect SFPEs.

7.4 Management information systems

Main conclusions

- The government is aware of the important role that management information systems play in the rapid development of industrial companies. For this reason, the Industrial Policy gives priority to the establishment of systems, which are able to disseminate information concerning legislation, technology and industrial processes, financing mechanisms, incentives etc.

- The MISs presently in operation in Mozambique do not offer adequate relevant information to the managers of SFPEs. These systems are mainly directed towards

policy-makers, NGOs, traders and farmers. They do not directly benefit food processors. The most important system is SIMA/MSU, which provides a good coverage of commodities. MSF-CIS has a greater geographical coverage than SIMA but deals with a smaller number of commodities.

- DNCI/MICTUR is presently implementing an MIS using information collected by SIMA staff. It is planning to establish its own mechanisms of information collection *via* its provincial and district directorates. Data will be collated by DNCI. Collaboration between DNCI and SIMA aims at standardising data collection and collation methodology and avoid replicating tasks and mandates. DNCI's mandate mentioned in the commercial policy is to 'regularly publish and disseminate market information about basic goods to aid the private sector in its decision-making processes'. To fulfil its mandate, DNCI needs to disseminate information promptly which is accurate, adequate and comprehensive and which deals with specific types of products.

- The present means of communication for disseminating information on agricultural products such as prices, cultivation and processing techniques are:

- word of mouth *via* extension staff working for NGOs, the State and the agricultural private sector. This information is disseminated to farmers in the family sector, small processors and small traders;

- teaching *via* demonstrations and illustrated equipment operation manuals;

- radio, which is used to disseminate information about prices in local languages so as to reach a wide audience;

- fax and the Internet, which are used to disseminate information about prices and market developments to the commercial, large-scale enterprises.

Recommendations/solutions

- DNI and DNCI should collaborate in the implementation of a management information system under the auspices of MICTUR. This system would be specifically aimed at SFPEs.

- The MIS which is being set up by DNCI, financed by FAO, should be improved in the area of information dissemination. It should aim to reach the greatest possible number of commercial and industrial companies, particularly the SFPEs. The information should be published weekly and should be disseminated *via* the provincial and district directorates, either to associations or directly to companies.

- IDIL, in collaboration with DNI, should set up a technological information centre to investigate small-scale food processing companies' needs for technical and technological information (see recommendations for service providers).

- The dissemination of information to companies or associations should be made (both at the provincial and district levels) *via* the provincial and district directorates of MICTUR. IDIL's provincial delegations could also disseminate information in

collaboration with the provincial directorates of industry, commerce and tourism (see flowchart in the Annexes).

- The principal means of communication to be used should be as follows:

- Oral – training workshops, meetings on particular themes, seminars etc.;
- Written – procedure manuals, operation manuals, articles about technical and technological innovations, brochures on types of finance available etc.;
- Radio – information about prices, investment incentives and lines of credit etc.;
- E-mail – at least between DNI (and its provincial directorates) and IDIL (and its delegation network).

- Capacity building which would enable DNI staff to operate a management information system. This should be done with external support for the training of key DNI personnel who would be involved in operating the management information systems.

- During the initial phase of development of the management information system, four subsectors of the food processing industry should be given priority. These should be the largest subsectors with the greatest potential for growth, namely: small-scale maize milling, bakeries, small-scale oil production and small-scale cashew nut processing.

Annexes

List of contacts and contact details of service providers

Nº	Name	Contact Person	Title	Address	Telephone Telefax	E-mail address
01	World Vision	Bill Gschwend	Agro-processing Co-ordinator	Rua de Inhambane nº 6Nampula	Tel: 06 214699 Fax:06 215291	-
02	AFRICARE	Florêncio Chavango	Representative Assistant	Av. Mao-Tsé-Tung 519 –Maputo	Tel:492998/493069 Fax:493033	africare@africare.uem.mz
03	CARE-Nampula	João Lameiras	Deputy Project Manager	Paulo Samuel Kankhomba, Nampula	Tel: 216463 Fax:217134	jodola@vida.uem.mz
	CARE-International	Patrick Sayer	Deputy Director Program	Av. Martires de Mueda, 596, Maputo	Tel:492064/6 Fax:492077	psayer@caremoz.uem.mz
04	ACTIVA	Sabina dos Santos	Member/Direction	Av. 24 de Julho, 2021, Maputo	Tel: 305202 Fax: 305202	-
05	AIMO	José F.Munguambe	Administrative Assistant	Av.24 de Julho,2021, Maputo	Tel: 305302 Fax: 305302	-
06	IDIL – Nampula Delegation	Joaquim Alves	Co-ordinator	Av. de Trabalho, Nampula	Tel: 214642 Fax: 214642	-
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Statistical and other tables

Table 1: Number of food processing enterprises by subsector, size and province

		Size (Criteria: No. of workers)				Location (Province)									
Subsector	**Total**	**0-9**	**10-49**	**50-100**	**>100**	**Niassa**	**C.Delg.**	**Namp.**	**Zamb.**	**Tete**	**Manica**	**Sofala**	**Inham.**	**Gaza**	**Maputo**
3111	6	2	0	3	1									2	4
3112	10	6	2	1	1						2	1	1	2	4
3113	8	0	2	3	3					1		1		3	3
3114	20	5	9	4	2		1		2	1		9	1		6
3115	10	3	4	0	3		2	1				2	1		4
3116	444	411	25	2	6	41	25	116	28	74	75	58	3	14	10
3117	331	209	112	8	2	4	20	27	14	8	13	45	33	56	111
3118	10	3	2	2	3				1			4		1	4
3118	10	3	2	2	3				1			4		1	4
3119	5	2	1	1	1							1		1	3
3121	74	33	26	1	14		2	4	3	1		11	3	4	46
3122	10	7	2	0	1						1		1	1	7
3131	13	9	3	1	0	1		7			1	1			3
3132	4	2	1	1	0						1	1			2
3133	4	0	1	0	3						1	1			2
3134	21	9	3	6	3			1		1	2	6		1	10
Total	**970**	**701**	**193**	**33**	**43**	**46**	**50**	**156**	**48**	**86**	**96**	**141**	**43**	**85**	**219**

Table 2: Food and beverages – Quantity and value of selected products, 1996–1997

Principal products	Sub-sector	Unit	Quantity		Value (1000MT)		% change volume
					Current price	Constant price	
			1996	1997	1996	1997	1997/96
	3113				4,070,187.00	3,072,656.00	
Tomato		Ton	5.8	11.2	98,904.00	192,010.00	94.14
Fruit juices		1000l	437.0	316.6		2,873,137.00	27.56
Other food products		Ton	0.6	0.9		7,509.00	52.62
	3114				284,619.00	135,866.00	
Fish flour		Ton	14.5	7.0	284,619.00	135,866.00	52.26
	3115				22,616,510.00	99,449,708.00	
Crude cotton oil		Ton	287.0	795.0	1,435,000.00	3,975,000.00	177.00
Crude coconut oil		Ton	1,996.1	2,679.0	9,534,137.00	12,795,922.00	34.21
Refined cotton oil		Ton	285.9	388.0	3,140,337.00	4,261,808.00	35.71
Refined coconut oil		Ton	173.2	31.0	1,621,068.00	290,145.00	82.10
Refined sunflower oil		Ton	209.5	5,142.0	2,995,151.00	73,513,426.00	2,354.41
Husks of oil seeds		Ton	2,766.6	4,549.0	2,453,347.00	4,033,962.00	64.43
Margarine		Ton	64.5	26.0	1,437,470.00	579,445.00	59.69
	3116				301,611,694.00	520,044,410.00	72.42
Maize meal		Ton	3,194.3	12,837,9	13,221,760.00	35,137,911.00	165.76

Table 2: Food and beverages – Quantity and value of selected products, 1996–1997 cont'd

Principal products	Sub-sector	Unit	Quantity		Value (1000MT)		% change volume
					Current price	Constant price	
	3116		1996	1997	1996	1997	1997/96
Wheat flour		Ton	49,209.0	82,431.7	275,174,971.00	460,954,825.00	67.51
Maize bran		Ton	108.5	2,350.2	75,603.00	1,637,619.00	2,066.08
Maize milling		Ton	708.4	331.0	185,461.00	86,656.00	53.28
Rice		Ton	97.2	1, 095.0	586,620.00	6,608,533.00	1,026.54
Branbreads		Ton	12,996.6	16,212.7	12,359,082.00	15,417,291.00	24.74
Semolina		Ton	0.1	0.0	2,176.00	359.00	83.50
Other cereals, legumes & tubers		Ton	102.1	33.4	6,021.00	201,216.00	3,241.90
	3117				115,188,139.00	95,427,193.00	17.16
Bread and bread products		1000 unit	25,306.2	25,195.7	34,609,474.00	34,458,398.00	0.44
Biscuits and cookies		Ton	2,289,5	1,480.4	41,567,892.00	26,878,676.00	35.34
Pasta		Ton	4,756.0	4,156.1	39,010,773.00	34,090,119.00	12.61
	3118				172,513,226.00	149,463,940.00	13.36
Molasses		Ton	7,966.5	11,237.0	7,600,722.00	10,721,109.00	41.05
Yellow sugar		Ton	30,003.0	25,227.0	164,844,200.00	138,603,697.00	15.92
White sugar		Ton	5.8	11.9	68,304.00	139,134.00	103.70
	3119				5,868,182.00	2,725,709.00	53.55
Sweets and caramels		Ton	240.0	114.8	5,654,876.00	2,704,797.00	52.17

Table 2: Food and beverages– Quantity and value of selected products, 1996–1997 cont'd

Principal products	Sub-sector	Unit	Quantity		Value (1000MT)		% change volume
					Current price	Constant price	
			1996	1997	1996	1997	1997/96
Sweets products	3119	Ton	40.8	4.0	213,306.00	20,912.00	90.20
	3121				6,093,174.00	5,665,676.00	7.02
Soluble coffee		Ton	0.4	0.4	87,863.00	90,126.00	2.58
Tea		Ton	15.3	10.4	289,276.00	196,635.00	32.03
Vinegar		1000 litre	16.0	7.8	103,208.00	50,095.00	- 51.46
Yeast		Ton	110.7	182.0	507,466.00	834,012.00	64.35
Non-specific yeast		Ton	13.2	3.4	61,639.00	15,999.00	74.04
Ice		Ton	2,016.0	1,648.5	1,854,686.00	1,516,580.00	18.23
Salt		Ton	0.3	0.3	2,899.00	2,657.00	8.35
Cashew kernel (whole)		Ton	336.0	308.0	699,842.00	641,521.00	- 8.33
Cashew kernel (pieces)		Ton	278.0	302.0	2,083,139.00	2,262,980.00	8.63
Other non-specific food products		Ton	2,323.8	317.4	403,156.00	55,071.00	86.34
	3122				8,570,290.00	12,180,641.00	42.13
Bird seeds		Ton	1,938.0	2,579.6	8,363,490.00	11,132,341.00	33.11
Other seeds		Ton	188.0	953.0	206,800.00	1,048,300.00	406.91

Table 2: Food and beverages – Quantity and value of selected products, 1996–1997 cont'd

Principal products	Sub-sector	Unit	Quantity		Value (1000MT)		% change volume
					Current price	Constant price	
			1996	1997	1996	1997	1997/96
Spirits	3131				208,498.00	47,146.00	77.39
Liqueur and other spirits		Litre	7,324.4	1,656.0	208,498.00	47,146.00	77.39
	3132				719,536.00	2,346,876.00	226.17
Non-specific wine		Litre	536,974.0	1,751,400.0	719,536.00	2,346,876.00	226.17
	3133				376,013,111.00	634,652,138.00	68.78
Beer		1000l	37,401.0	63,127.1	376,013,111.00	634,652,138.00	68.78
	3134				208,493,393.00	270,163,483.00	29.58
Beverages		1000l	32,367.0	41,940.8	208,493,393.00	270,163,483.00	29.58
TOTAL					**1,222,250,559.00**	**1,795,375,442.00**	

Source: Statistical Yearbook, 1997, INE; Data collected from 247 enterprises; Base year: 1996

Table 3: Mozambique – Agriculture and livestock production

Year	Agriculture and livestock (values in constant prices [a/]) -- 10^6 MT--	% growth (volume)
1995	452,103	12.0
1996	703,400	21.8
1997	1,518,242	12.2

Source: National Institute of Statistics, 1997

[a/] *- constant price based on previous year.*

Table 4: Mozambique – Agricultural production 1995–1997

Main agricultural products – total marketed production (commercial & family sectors)

Products	Production (quantity in tons)			Growth rate (%) (volume)		
	1995	1996	1997	1995	1996	1997
Export products						
Cotton	50,968	50,500	74,000	3.1	-0.9	46.5
Copra	26,426	22,310	35,565	-8.2	-15.6	59.4
Tea	976	1,670	1,500	-34.8	71.1	-10.2
Sugar cane	313,239	315,850	278,939	33.9	0.8	-11.7
Cashew nut	33,423	66,510	43,325	13.8	99.0	-34.9
Basic food products						
Maize	168,619	252,672	256,346	15.5	49.8	1.5
Rice	13,577	21,240	24,925	-53.2	56.4	17.3
Sorghum	1,677	3,901	4,378	-18.0	132.6	12.2
Onions	7,630	7,920	8,500	42.4	3.8	7.3
Citrus	11,030	8,003	10,180	-2.2	-27.4	27.2
Vegetables	30,520	33,342	49,993	-30.8	9.2	49.9
Beans	30,429	39,044	45,016	90.6	28.3	15.3
Peanut	18,156	28,908	23,356	102.3	59.2	-19.2
Cassava	36,150	31,362	76,140	19.7	-13.2	142.8
Industrial products						
Mafura	1,826	2,552	744	238.8	39.8	-70.8
Sunflower seeds	605	454	533	-1.0	-25.0	17.4
Tomatoes	22,894	11,700	12,200	36.5	-48.9	4.3

Source: National Institute of Statistics, 1997

Table 5: Mozambique – Food and beverage industry, production values, 1996–1997 [(a)]

Description	Values (10^6 MT)			% change (1997/96)	
	Current price		Constant price[(b)]	Volume	Price
	1996	1997	1997		
311 Food industry	702,859	977,071	979,670	39.4	-0.3
312 Other food industry	41,873	60,281	48,130	14.9	25.2
313 Beverage industry	858,158	1,266,897	1,337,570	55.9	-5.3
Total food and beverages	**1,602,890**	**2,304,249**	**2,365,370**		

Source: Statistical Yearbook, 1997, Instituto Nacional de Estatística (INE). Data collected from 247 establishments; (b) Base year: 1996. Exchange rate (average): MT/US$11,140 in 1996 and MT/US$ 11,395 in 1997

Table 6: Value of import products, 1995, 1996, 1997

Code	Description	1995		1996		1997	
		1,000 US$	Struct. (%)	1,000 US$	Struct (%)	1,000 US$	Struct. (%)
01	**Live animals and products**	**7,498**	**1.03**	**7,689**	**1.05**	**13,580**	**1.79**
01	Live animals	796	0.11	708	0.10	2,326	0.31
02	Meat and edible meat offal	1,394	0.19	1,058	0.15	1,664	0.22
03	Fish and crustaceans, molluscs and other aq. invertebrates.	1,627	0.22	1,376	0.19	3,271	0.43
04	Dairy products, bird eggs and natural honey	3,662	0.50	4,547	0.61	6,319	0.83
05	Products of animal origin not included above	19	0.62	-	-	-	-
02	**Vegetable products**	**101,956**	**14.02**	**101,812**	**13.01**	**96,219**	**12.66**
06	Live trees and other plants	1,172	0.16	27	0.00	37	0.00
07	Edible vegetables	8,687	1.19	3,291	0.42	3,953	0.52
08	Edible fruit and nuts	346	0.05	352	0.04	991	0.13
09	Coffee, tea and spices	167	0.02	951	0.12	589	0.08
10	Cereals	66,438	9.14	74,409	9.51	84,433	11.11
11	Products of milling industry	20,856	2.87	20,397	2.61	4,223	0.56
12	Oil seeds and oleaginous fruits	3,938	0.54	1,675	0.21	1,674	0.22
13	Lacs, gums, resins, etc.	352	0.05	459	0.06	320	0.04
14	Vegetable products not included above	-	-	251	0.03	-	-
03	**Animal and vegetable fat**	**22,265**	**3.06**	**20,792**	**2.66**	**14,508**	**1.91**
15	Animal or vegetable fats and oils	22,265	3.06	20,792	2.66	14,508	1.91
04	**Food products and beverages**	**33,255**	**4.57**	**36,932**	**4.72**	**55,199**	**7.26**
16	Preparations of meat, fish or crustaceans, molluscs, etc.	2,132	0.29	513	0.06	1,071	0.14
17	Sugar and sugar confectionery	15,672	2.15	20,143	2.57	31,060	4.09
18	Cocoa and cocoa	128	0.02	71	0.01	272	0.04
19	Preparations of cereals, flour, starch or milk, pastry products	1,832	0.25	1,358	0.17	3,618	0.48
20	Preparations of vegetables, fruit, nuts or other parts of plants	762	0.10	632	0.08	2,016	0.27
21	Miscellaneous edible preparations	3,318	0.46	3,697	0.47	2,791	0.37
22	Beverages, spirits and vinegar	6,015	0.83	6,647	0.85	11,108	1.46
23	Residues and waste from industries, prepared animal fodder	3,395	0.47	3,872	0.49	3,262	0.43
11	**Textile products**						
52	Cotton	2,141	0.29	7,500	0.96	12,683	1.67
	…						
	Total imports	**726,986**	**100.00**	**782,646**	**100.00**	**760,203**	**100.00**

Source: Statistical Yearbook, 1996 and 1997, INE (1997 preliminary data)

Table 7: Value of export products, 1997

Code	Description	1995		1996		1997	
		1,000 US$	Struct. (%)	1,000 US$	Struct. (%)	1,000 US$	Struct. (%)
01	**Live animals and products**	**81,460**	**46.73**	**87,034**	**38.49**	**82,552**	**36.60**
01	Live animals	-	-	88	0.04	-	-
02	Meat and edible meat offal	-	-	529	0.23	-	-
03	Fish and crustaceans, molluscs and other aq. Invert.	81,305	46.65	86,210	38.13	82,358	36.51
05	Products of animal origin not included above	155	0.08	206	0.09	194	0.09
02	**Vegetable products**	**21,444**	**12.30**	**50,305**	**22.25**	**55,011**	**24.40**
07	Edible vegetables	59	0.03	1,171	0.52	448	0.2
08	Edible fruit and nuts	13,995	8.03	44,444	19.66	29,474	13.07
09	Coffee, tea and spices	64	0.04	-	-	265	0.12
10	Cereals	639	0.37	2,138	0.94	12,523	5.55
11	Products of milling industry	-	-	-	-	8,790	3.90
12	Oil seeds and oleaginous fruits	6,688	3.84	2,552	1.13	3,511	1.56
03	**Animal and vegetable fat**	**148**	**0.08**	**1,071**	**0.47**	**2,102**	**0.93**
15	Animal or vegetable fats and oils	148	0.08	1,071	0.47	2,102	0.93
04	**Food products and beverages**	**10,113**	**5.80**	**15 476**	**7.59**	**16,206**	**7.18**
17	Sugar and sugar confectionery	7,371	4.23	12,868	5.69	12,815	5.68
20	Preparations of vegetables, fruit, nuts or other parts of plants	550	0.32	365	0.16	117	0.05
21	Miscellaneous edible preparations	-	-	-	-	166	0.07
22	Beverages, spirits and vinegar	79	0.04	-	-	204	0.09
23	Residues and waste from industries, prepared animal fodder	2,113	1.21	2,243	0.99	2,904	1,29
11	**Textile products**						
52	Cotton	18,929	10.86	12,776	5.65	21,503	9.53
	…						
	Total exports	**174,303**	**100.00**	**226,084**	**100.00**	**225,552**	**100.00**

Source: Statistical Yearbook, 1996 and 1997, INE (1997 preliminary data)

Table 8: Support services offered

Service providers	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
AFRICARE				*	*			*						*	
CARE	*	*	*	*		*		*		*	*	*		*	
World Vision	*		*	*	*	*						*		*	
AIMO					*										*
ACTIVA						*	*	*			*				*
IDIL	*			*	*	*	*	*	*					*	
GAPI	*			*	*	*	*	*						*	
FFP					*		*								
FFPI					*		*								
IDPPE				*				*	*					*	
LINK		*						*			*				
FDC								*							
FREQUENCY	4	2	2	6	7	5	5	8	2	1	3	2	-	6	2

Key to numbers:

1	Short-/medium-term management support	9	Research and development services
2	Database/library services	10	Market information/market intelligence
3	Marketing Services	11	Advertising and promotion
4	Technical advisory services	12	Quality control techniques
5	Investment facilitation	13	Cooperative marketing
6	Business plan/pre-feasibility studies	14	Production technology assistance
7	Grant or loan financing facilities	15	Other
8	Training and education programmes		

Table 9: Services not provided but demanded

Service providers	Services not provided but demanded
AFRICARE	Loan to construct warehouses for sunflower seeds and to buy plastic drums for edible oil
CARE	Credit lines for the expansion of business (to buy oil presses)
World Vision	Loan for working capital (loans are only for capital goods – equipment)
AIMO	Provide business information to members
ACTIVA	To act as guarantor for their members' loans Provide business guidance and follow-up
IDIL	Provide information on adapted technologies for a specific region and agricultural produce (a database should be created)
GAPI	-
FFP	Managerial training and business Grant for the establishment of fishers' associations
FFPI	Managerial training and business
IDPPE	-
LINK	Expand information of their activities to the central and northern regions
FDC	-

Table 10: Frequency of particular services demanded but not provided by surveyed institutions

Service type	Frequency of service demanded
Grant/loans (financial facilities)	5
Training and education	2
Business/technological/general information	3
Business guidance and follow-up	1
Total	**11**

Table 11: Major implementation constraints facing the institutions

Service providers	Major constraints experienced
AFRICARE	Lack of warehouses for sunflower seeds and plastic drums for edible oil
CARE	Dispersed rural population – difficulty in commercialisation; 75% of repayments outstanding
World Vision	Low-level managerial skills; and poor education of rural entrepreneurs
AIMO	Lack of funds and permanent staff to expand activities
ACTIVA	Lack of capacity to provide business guidance to members and follow-up of new businesses
IDIL	Lack of funds and institutional capacity to expand activities; Competition from NGOs in some provinces
GAPI	Low-level managerial skills and poor education of small-scale entrepreneurs; Inadequate transport infrastructure (roads and bridges in poor condition) – poor accessibility and increased of transport costs
FFP	Nothing significant
FFPI	Lack of funds and limited institutional capacity to expand activities; Low-level of managerial skills and education of small-scale entrepreneurs
IDPPE	Lack of funds and limited institutional capacity to expand activities
LINK	Nothing significant
FDC	Nothing significant

Table 12: List of regular reports containing market information

Agency	Report/title	Frequency	Overall contents	Dissemination
DAE/ MAP/ SIMA	Quente Quente	Weekly	Weekly price data on 8 commodities for 16 markets plus commentary; international (wheat, rice, maize) and sub-regional prices (maize).	Some 580 copies to private sector, donors, govt agencies
DAE/ MAP/ SIMA	Boletim Mensal de Informação do Mercado	Monthly	Monthly price data for 30 commodities for 25 markets plus market commentary; price graphs (4 months) for 9 commodities.	Same as above
MSF-CIS	Boletim da Segurança Alimentar	Monthly (used to be) bi-monthly	Rainfall and crop monitoring data (90 districts); price data on 11 commodities for 82 districts household food security indicators (stocks, seed, food situation); several data presented in maps.	Some 1,200 copies to donors, govt agencies, NGOs, Provincial and district authorities
DINA/ MAP/ CFMU	Situação da Campanha Agricola	Monthly	Rainfall and crop monitoring data plus commentary; agro-meteorological data on main crops.	Govt agencies, NGOs, donors, provincial/district authorities
DSA/ MICTUR	Boletim da Segurança Alimentar	Quarterly (but irregular)	Qualitative commentary on agricultural, food supply and market situation. Some price graphs.	Govt agencies, NGOs, donors
DSA/ MICTUR	Chegadas de Ajuda Alimentar	Monthly (but irregular)	Overview of food supply and market situation. Some price graphs.	Govt agencies, donors
DNCI/ MICTUR	Situação Alimentar	Monthly Quarterly	Commentary and overview planned as against actual food supply situation (incl. Tables by province).	Govt agencies
DNCI/ MICTUR	Situação de Comercialização Agrícola	Monthly	Commentary and overview planned as against actual commercialisation (incl. tables by province).	Govt agencies

Source: DNCI/MICTUR, 'Some reflections on the provision of market and trade information in Mozambique: Current situation and future development prospects', 1997.

Table 13: Who needs which type of market and trade information?

Target group	Short-term information requirements	Long-term information requirements	Potential data sources
Farmers	Market structure; commodity and input prices (nominal prices nearby markets); crop/market forecast and related price trends	Credit terms; technology (crop diversification, post-harvest, storage issues); seasonal price patterns	Extension service, traders, researchers
Small/ medium Traders	Commodity and input prices (nominal prices district/provincial and national level markets); crop/market forecast and related price trends; supply and demand, transport costs; exchange rates (border areas); credit terms	Seasonal price patterns; market infrastructure development	Extension service, traders, researchers
Import/ export traders; brokers; agro-processors	Commodity and input prices (nominal and real prices district/provincial sub-regional and international markets); crop/market forecast and related price trends (national)/ sub-regional/ international); supply and demand; stocks; transport/ shipping costs; port handling costs; storage costs; food aid polices/ arrivals/ utilisation; trade/ tariff policies (national/sub-regional); credit terms	Seasonal price patterns; legal issues; implications of bilateral and multilateral trade agreements	Processors, commodity exchanges (national/ sub-regional), international market
Policy-makers	Crop/ market forecast; price development; stock position	Production and market trends; competitiveness; market performance	Researchers, policy analysts, traders
Researchers/ Policy analysts	Crop/ market forecast; price development; stock position	Production and market trends; impact of policy changes (national/sub-regional)	Extension service, traders, fellow researchers
Transporters	Volume; fuel prices	Road development	Processors, road projects
Extension Service	Market structure; commodity and input prices (nominal prices nearby markets); crop/market forecast and related price trends	Credit terms; technology (crop diversification, post-harvest, storage issues); seasonal price patterns	Farmers, researchers, traders, policy-makers
Bankers	Prices; profitability; risk trends; market and trade performance	Production, market, trade trends; competitiveness; market performance	Traders, processors, researchers, statisticians

Source: DNCI/MICTUR, "Some Reflections on the Provision of Market and Trade Information in Mozambique: Current Situation and Future Development Prospects", 1997

Tables – Enterprise survey

Table 14: Years of operation

Duration (years)	Frequency
1	5
2	1
3	1
4	1
5	1
7	1
8	3
9	1
10	1
11	1
13	1
15	2
29	1
35	2
43	1

Table 15: Ownership

Ownership	Frequency
Local	19
Foreign and local	3
Total	**23**

Table 16: Number of enterprises surveyed by activity and location

Main activity	Location			Total
	Maputo	Nampula	Beira	
Dairy	2			2
Fish products	2			2
Oil products		2		2
Grain mill	2	3		5
Bakeries	4			4
Nuts	2			2
Beverages	3	2	1	5
Total	**15**	**7**	**1**	**23**

Table 17: Percentage output

Percentage	Frequency
100	18
80	3
50	1
45	1
40	1
25	2
20	3
15	1

Table 18: Company turnover and size – 1997

Respond. N°	Turnover (US$)	Total employees	Male	Female	Skilled	Semiskilled	Unskilled
1	-	18	14	4	3	15	0
2	-	21	18	3	4	1	16
3	-	23	14	9	2	2	19
4	-	8	6	2	1	7	0
5	-	8	2	6	0	6	2
6	-	0	0	0	0	0	0
7	-	9	9	0	0	0	9
8	-	22	22	0	0	3	19
9	-	4	4	0	0	2	2
10	-	13	10	3	4	0	9
11	-	52	41	11	21	27	4
12	-	20	7	13	0	3	17
13	-	0	0	0	0	0	0
14	-	0	0	0	0	0	0
15	-	24	24	0	0	3	21
16	-	10	8	2	0	0	10
17	-	15	11	4	7	6	2
18	-	4	3	1	1	0	3
19	-	27	5	22	4	3	20
20	-	23	20	3	0	23	0
21	-	0	0	0	0	0	0
22	-	21	16	5	1	14	6
23	-	35	35	0	0	5	30
Total		**357**	**269**	**88**	**48**	**120**	**189**

Table 19: Company turnover and size – 1998

Respond. Nº	Turnover US$	Total employees	Male	Female	Skilled	Semiskilled	Unskilled
1	-	27	21	6	5	22	0
2	-	42	36	6	6	2	34
3	-	23	14	9	2	2	19
4	-	9	7	2	0	7	2
5	-	8	2	6	0	6	2
6	-	50	10	40	0	0	50
7	-	8	8	0	0	0	8
8	-	22	22	0	0	3	19
9	-	6	6	0	0	2	4
10	-	13	10	3	4	0	9
11	-	51	41	10	21	26	4
12	-	16	5	11	0	3	13
13	-	3	3	0	0	1	2
14	-	2	2	0	0	0	2
15	-	24	24	0	0	3	21
16	-	8	6	2	0	0	8
17	-	14	11	3	8	6	0
18	-	4	3	1	1	0	3
19	-	27	5	22	4	3	20
20	-	23	20	3	0	23	0
21	125,000	30	29	1	2	4	24
22	-	21	16	5	1	14	6
23	-	36	36	0	0	6	30
Total	**125,000**	**467**	**337**	**130**	**54**	**133**	**280**

Table 20: Company turnover and size – 1999 (projected)

Respond. Nº	Turnover US$	Total employees	Male	Female	Skilled	Semiskilled	Unskilled
1	-	32	25	7	5	27	0
2	-	62	54	8	9	7	46
3	-	23	14	9	2	2	19
4	-	7	5	2	0	7	0
5	-	8	2	6	0	6	2
6	-	6	5	1	0	0	6
7	-	8	8	0	0	0	8
8	-	22	22	0	0	3	19
9	-	6	6	0	0	2	4
10	-	23	21	2	2	0	21
11	-	53	41	12	22	27	4
12	-	18	6	12	0	3	15
13	-	3	33	0	0	1	2
14	-	2	2	0	0	0	2
15	-	24	24	0	0	3	21
16	-	8	6	2	0	0	8
17	-	16	11	5	8	6	2
18	-	4	3	1	1	0	3
19	-	24	2	22	3	3	18
20		23	20	3	0	23	0
21	500,000	38	36	2	3	5	30
22	-	21	16	5	1	14	6
23	-	35	35	0	0	6	29
Total	**500,000**	**466**	**367**	**99**	**56**	**145**	**265**

Table 21: Structure of the company

Respond. Nº	Number of managers	Number of female managers	Number of titles
1	2	1	2
2	3	1	3
3	2	2	2
4	3	0	2
5	2	2	2
6	1	0	1
7	1	0	1
8	1	0	1
9	2	0	3
10	-	-	-
11	2	0	2
12	1	0	1
13	2	0	2
14	1	0	1
15	2	0	2
16	2	0	2
17	3	0	2
18	1	0	1
19	2	0	2
20	2	0	1
21	1	0	1
22	1	1	1
23	2	0	2
Total	**39**	**7**	**37**
Average	***0 2***	***0.3***	***2***

Table 22: Source of finance

Item	Frequency
Domestic finance	8
Offshore facility	0
Other*	14
Not stated	4

*12 enterprises in the category other were self-financed, 2 received financing from an NGO

Table 23: Source of finance since 1997

Have become	Frequency
Easier	3
Harder	4
Not stated	16

Table 24: Main constraints faced in sourcing finance

Problem	Frequency
Collateral requirement	5
High cost of borrowing	5
Other	3
Not stated	15

Table 25: Number of raw materials and other inputs by geographical area and supplier source

Raw materials and inputs	Geographical Area			Supplier sources				Quantities (tons)
	Local	Region	Internatl	Direct	Trader	Whole-saler	Other	
Maize	5	1				1	3	77
Sunflower	2			1		1		2
Packaging	2	1		2	1			40
Wheat Flour	5			3	1	1		170
Fat/cooking oil	1	1		1		1		18
Ice	1			1				16
Yeast	3				1	2		1.8
Maize Meal	1			1				1.5
Sugar	6		1	3		4		64.5
Salt	3				2		1	0.02
Fruit	2	1	1	3	1			18
Wine			2	2				15
Cashew Nut	2			2				20
Groundnut	1					1		0.05
Alcohol		1		1				12
Milk Powder		1		1				2
Milk	1			1				8
Food colour Flavour		2		1	1			0.6
Fish/Shrimp	3			3				15
Total	**38**	**8**	**4**	**26**	**7**	**11**	**4**	**481.47**

Table 26: Average age of machinery

Age (years)	Frequency
1	1
2	4
3	3
4	1
5	1
7	1
8	1
9	2
10	1
13	1
15	1
16	1
17	1
18	1
25	1
27	1
30	1

Table 27: Technology

Level	Frequency
Low	10
Medium	11
High	3
Labour intensive	9

Table 28: Type of packaging used

Package	Frequency
Plastic	6
Metal	3
Glass	7
Cardboard	6
Not Stated	2

Table 29: Source of packaging

Sourced	Frequency
Locally	7
Imported	6
Both	7
Not stated	3

Table 30: Working to full capacity

Response	Frequency
Yes	4
No	19
Not stated	0

Table 31: Available capacity

Percentage	Frequency
100	4
75	1
73	1
70	1
60	3
50	2
40	1
30	1
25	2
20	2
10	2
8	1
2	1
0	1

Table 32: Regulatory controls

Regulation	Frequency
Health regulation	5
Labour	6
Licence	1
Costumes	1
Industry	3
Trade	4
Taxes	4
Not stated	9

Table 33: Governing industry

Body	Frequency
Government	19
Municipal	0
Rural	0
Not stated	14

Table 34: Regulation impact

Level	Frequency
Positive	7
Negative	3
Neutral	6
Not stated	17

Table 35: Skills required by type

Type	Frequency
Production	19
Management	3
Sales/marketing	1
Maintenance	2
Finance	2
Total	**27**

Table 36: Availability of skills locally

Response	Frequency
Yes	18
No	9
Not stated	5
Total	**27**

Table 37: Proportion of total cost of production contributed by labour (%)

Percentage	Frequency
7	1
12	2
12.5	1
15	1
20	6
21	1
25	1
30	2
33	2
40	1
60	1
Not stated	4

Table 38: Investment by sector

Sector	Number of investors	Investment US$	Number of companies
Milling	0	0	5
Fish Processing	2	287,000	2
Bakery	4	208,554	4
Beverages	5	617,000	6
Dairy produce	2	755,000	2
Vegetable oil extraction	1	250	2
Nuts	2	100,000	2
Total	**16**	**1,969,804**	**23**

Table 39: Potential for expansion

Sector	Response		Total no. of companies
	Yes	**No**	
Milling	3	2	5
Fish Processing	2	0	2
Bakery	4	0	4
Beverages	5	1	6
Dairy produce	2	0	2
Vegetable oil extraction	2	0	2
Nuts	1	0	1
Total	**19**	**3**	**22**

Table 40: Main methods of transportation used

Mode of transportation	Number of firms
Rail	1
Road	20
Air	3
Sea	3
Total	**27**

Table 41: Main constraints in transportation used

Comment	Frequency
Poor roads	5
High transport cost	2
Other	2

Table 42: Markets in which firms mostly sell products

Market	Frequency
Village market	8
Town market	15
Domestic national market	4
Provincial market	6
Regional export market	3
Overseas	2

Table 43: To whom firms mostly sell products

Client	Frequency
Agents	4
Wholesaler	7
Retailers	15
Direct to the public	10

Table 44: Marketing constraints

Source	No problem	Slight	Moderate	Severe	Very severe
Domestic demand	11	2	2	3	0
Export demand	2	1	1	1	2
Market information	6	1	5	3	2
Price information	7	3	3	3	0
Production information	4	3	5	3	1
General business information	3	1	7	4	1

Table 45: Firms attending show/trade fairs between 1996 and 1998

	Yes	No	1996	1997	1998
Local Trade Shows			2	2	1
International Trade Fairs.			2	0	0
Total	**4**	**19**	**4**	**2**	**1**

Table 46: Main sources of business information

Source	Frequency
Word of mouth	18
Radio	6
TV	6
Newspaper	3
Business magazines	-
Newsletters from govt/business associations	2
Others (Internet)	1

Table 47: Types of information that would most help in developing businesses

Source	Frequency
Market information	13
Production process information	11
Technology information	11
Sales and price information	7
Supplier information	7
Personal contacts	9
Other	0

Table 48: Constraints to business by utility

Source	No problem	Slight	Moderate	Severe	Very severe
Electricity	7	3	1	4	7
Water	10	2	4	3	3
Waste disposal	14	0	1	1	6
Telecommunication	12	3	4	2	1
Transport infrastructure	7	0	7	2	6

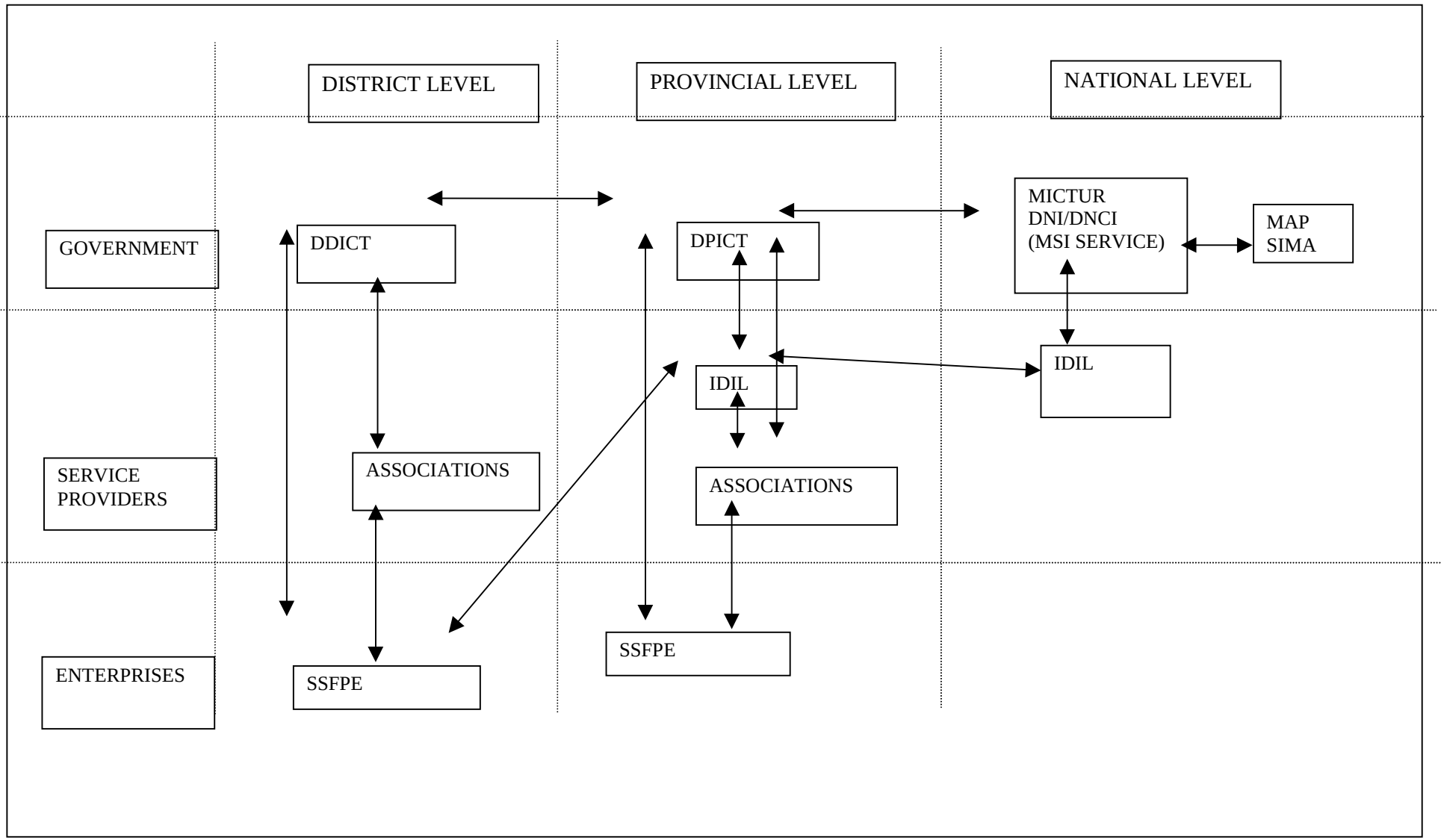
Table 49: Severity of constraints to business

Source	No problem	Slight	Moderate	Severe	Very severe
Level of govt taxes	7	0	9	6	1
Level of municipal taxes and rates	14	3	5	0	1
Licensing and registration	13	5	2	1	1
Environment regulations	14	3	0	2	4
Exchange rate volatile	4	3	5	5	1
Inflation	7	2	5	8	0
Labour regulations	9	4	5	0	0
Bureaucracy	1	5	1	8	4
Lack of incentives	2	1	2	10	6
Policy uncertainty	10	2	5	1	0
Competition from imports	10	1	4	3	3
Shortages of local raw materials	6	4	1	2	7
Shortage of skilled manpower	6	7	3	2	0
Shortage of packaging material	5	3	3	4	7
Obsolete technology	9	1	4	3	3

Table 50: Membership of associations

Type	Frequency
Trade Association	2
Chamber of Commerce	3
Industrial Association	2
Bakery Association	2
Aciana-Nampula	1
Millers-Nampula	1
Small-scale Fishery Association	1

Proposed flow of information – Management information system



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Acronyms and abbreviations

ACTIVA	Associação Moçambicana da Mulheres Empresárias e Executivas (Mozambican Women Entrepreneurs' Association)
AIMO	Associação Industrial de Moçambique (Industrial Association of Mozambique)
CFMU	Crop Forecasting and Monitoring Unit, DINA, MAP
CIS	Consolidated Information Systems (MFS)
CTA	Technical Centre for Agricultural and Rural Cooperation
DAE	Department of Economic Analysis, DE, MAP
DDICT	District Directorate of Industry, Commerce and Tourism
DE	National Directorate of the Economy (formerly DEA)
DNCI	National Directorate of Internal Trade, MICTUR
DNI	National Directorate of Industry
DPA	Provincial Directorate of Agriculture
DPICT	Provincial Directorate of Industry, Commerce and Tourism
DSA	Food Security Department, DNCI, MICTUR
EU	European Union
FAO	Food and Agriculture Organisation
FDC	Fundação para o Desenvolvimento da Comunidade (Community Development Foundation)
FFP	Fundo de Fomento Pesqueiro (Fishing Development Fund)
FFPI	Fundo de Fomento à Pequena Indústria (Fund for the Development of Small-Scale Industry)
FIAS	Foreign Investment Advisory Service
GAPI	Sociedade para Apoio a Pequenos Projectos de Investimento (Society to Support Small-Scale Investments)

GDP	gross domestic product
GNP	gross national product
GoM	Government of Mozambique
GSP	General System of Preferences
ICM	Instituto de Cereais de Moçambique (Mozambican Institute of Cereals)
IDIL	Instituto Nacional de Desenvolvimento da Indústria (Local Institute for Development of Local Industry)
IDPPE	Instituto de Desenvolvimento de Pesca de Pequena Escala (Institute for the Development of the Small-Scale Fishery Sector)
IFZ	industrial free zone
ILO	International Labour Organisation
IMF	International Monetary Fund
INE	National Institute for Statistics
km	kilometre
MAP	Ministry of Agriculture and Fisheries
MICTUR	Ministry of Industry, Commerce and Tourism
MIS	market information system
mm	millilitres
MSF	Medecins Sans Frontiéres
MSU	Michigan State University
MT	metical
NGO	non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PRE	Economic Rehabilitation Programme
PSA	Food Security Project, MSU/USAID
SAP	Structural Adjustment Programme

SFPE	small-scale food processing enterprise
SIMA	Sistema de Informação de Mercados Agrícolas (Agricultural Market Information System, PSA)
SIMAP	Provincial Agricultural Market Information System
SMI	small- and medium-sized industry
TSA	customs service fee
UNIDO	United Nations Industrial Development Organisation
US	United States
USAID	United States Agency for International Development
VAT	value-added tax