



Republic of Mozambique
Ministry of Agriculture,
Environment and Fisheries



Hand-in-Hand
Initiative



Food and Agriculture
Organization of the
United Nations

MOZAMBIQUE

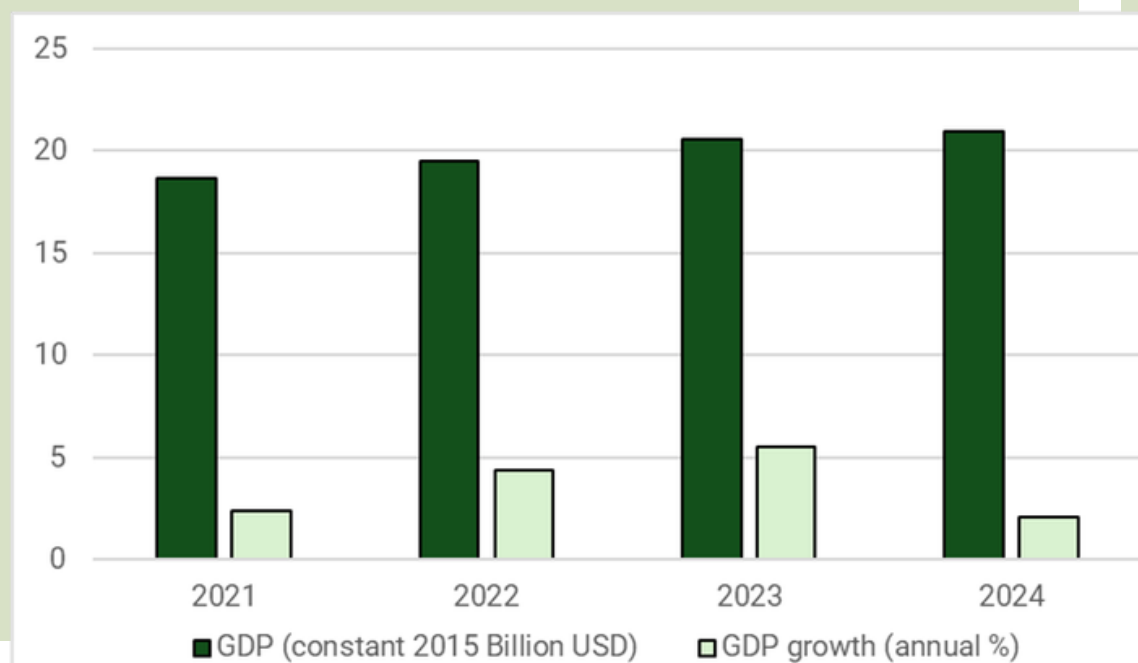
Investment-ready rice value chain opportunities





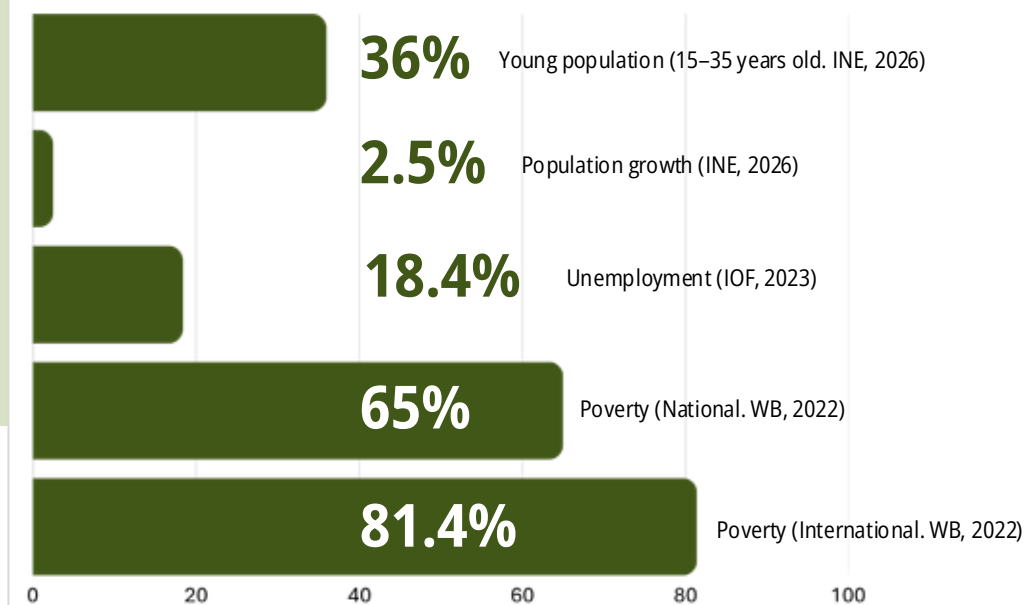
Socioeconomic Overview

MACROECONOMIC INDICATORS



SOCIODEMOGRAPHIC INDICATORS

Population 2026: 34 958 973



3 main ports:
Nacala
Beira
Maputo

+10 secondary ports

Source:
Wikipedia

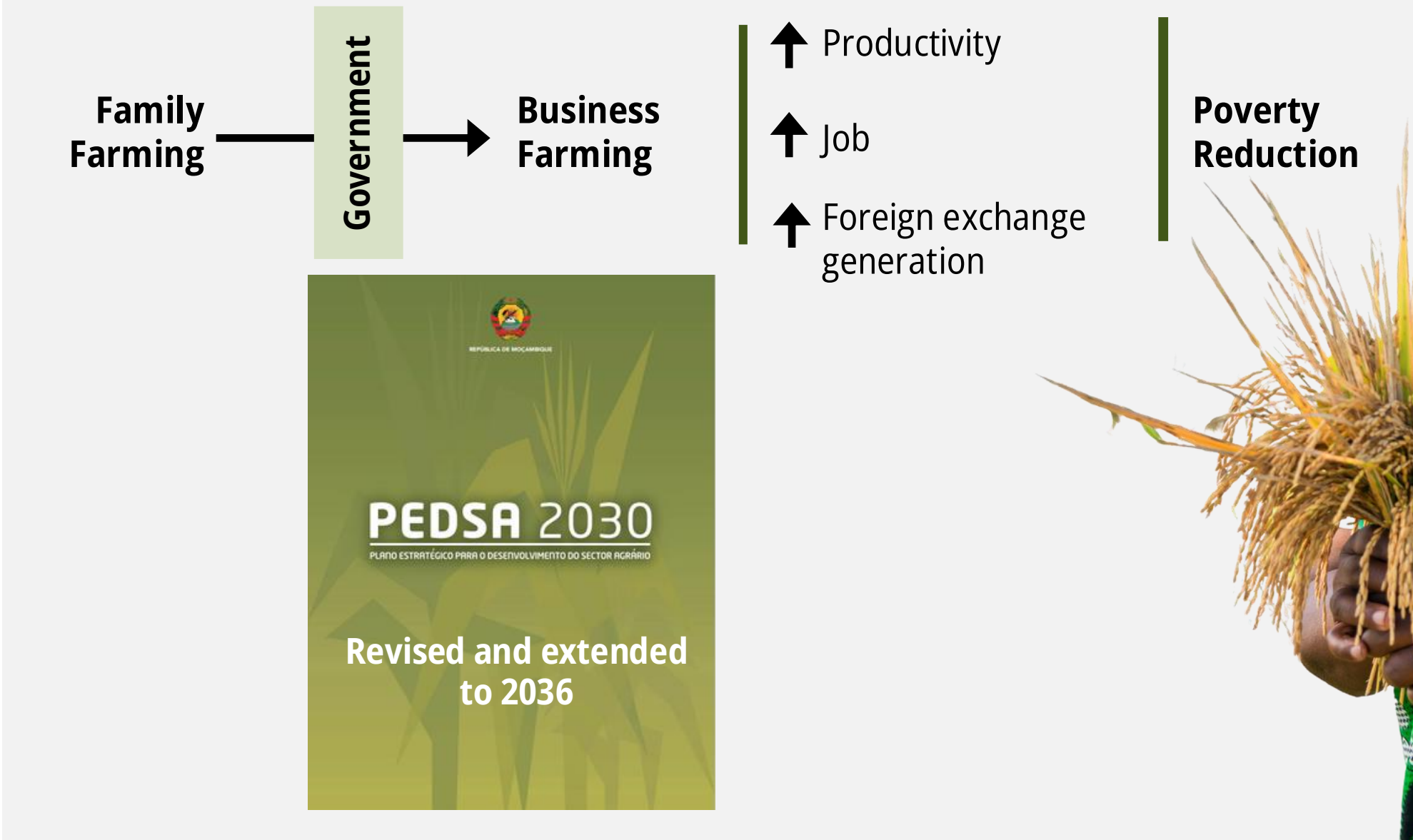


Agricultural Sector Overview

ECONOMIC CONTRIBUTION



STRATEGIC POLITICAL VISION





Republic of Mozambique
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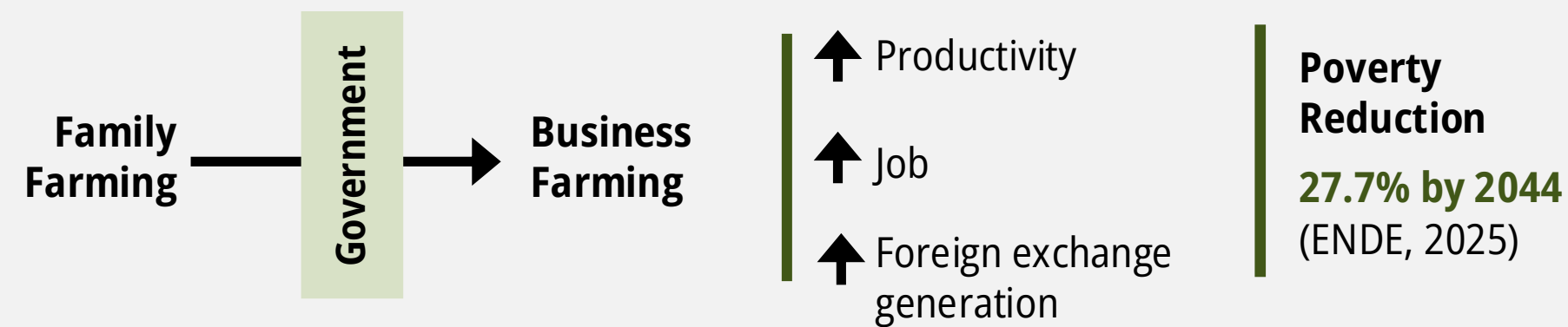
Key Incentives for Agriculture Investment



PLANO DE RECUPERAÇÃO E CRESCIMENTO ECONÓMICO **PRECE**

Aprovado pelo Conselho de Ministros, durante a 32.^a
Sessão Ordinária, realizada em Maputo, no dia 16 de

STRATEGIC POLITICAL VISION



Key attractive economic and fiscal measures for agriculture

- Corporate fee reduction from 32% to 10%
- Reduced electricity tariff for agriculture
- VAT exemption on agricultural and irrigation inputs
- VAT exemption on the first three agricultural transactions

About the Rice Sector in Mozambique

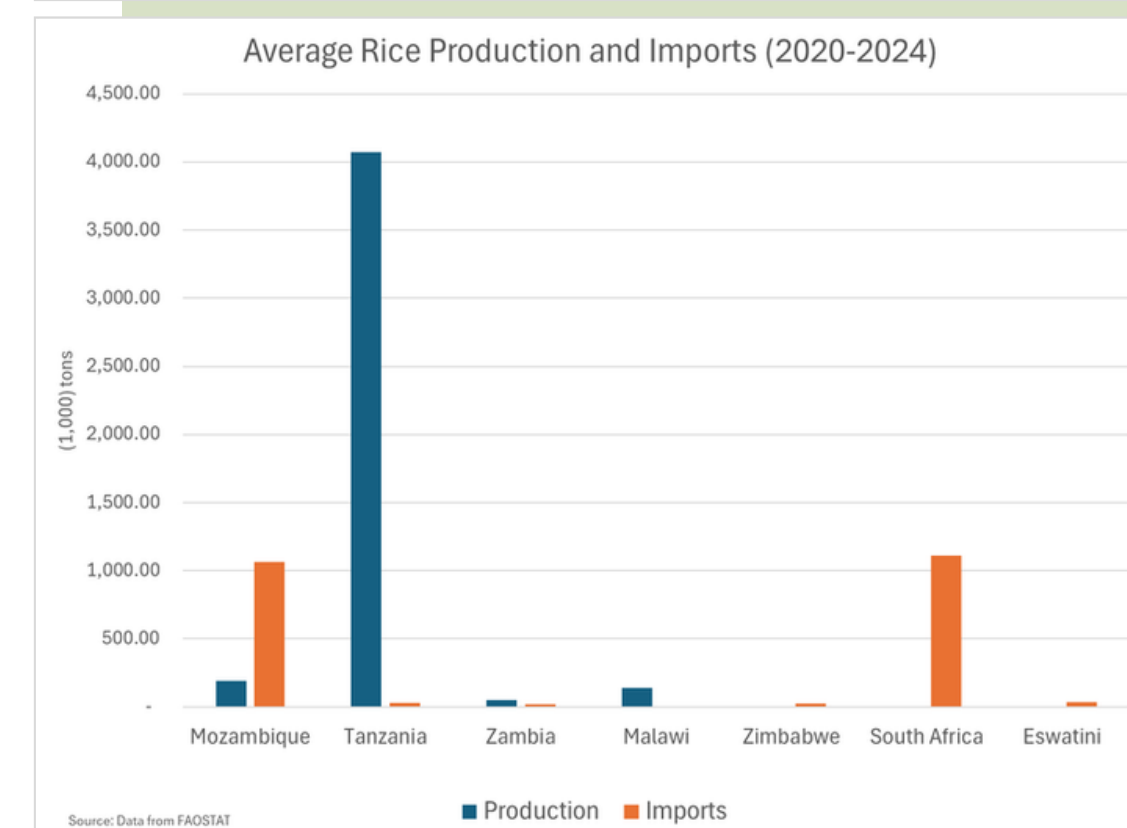
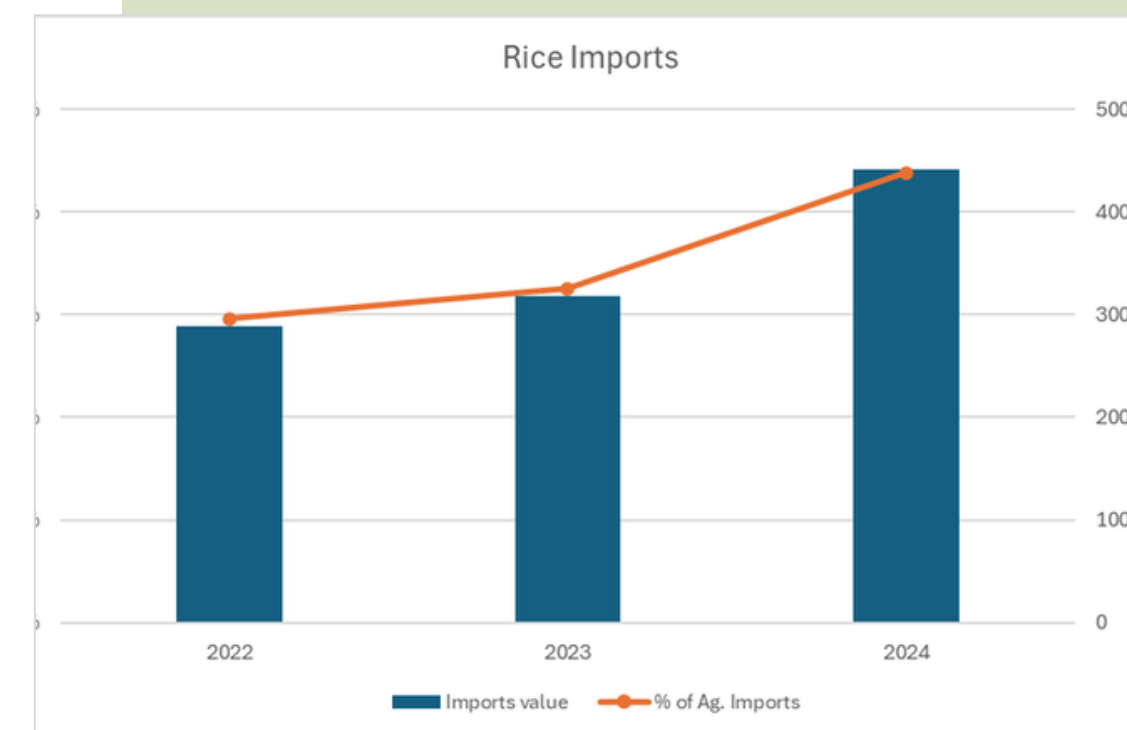
RELEVANCE OF RICE

Priority value chain in policy agenda

Second most grown cereal

Unexploited potential (~40% of suitable land for rice in use)

Food item with the largest (8.6%) **annual growth rate** in consumption





Main constraints of the rice sector in Mozambique

Limited domestic supply of certified seeds and other inputs and services.

Low use of certified seeds.

Low productivity:

- Limited use of improved inputs
- Low irrigation usage
- Low use of mechanization services

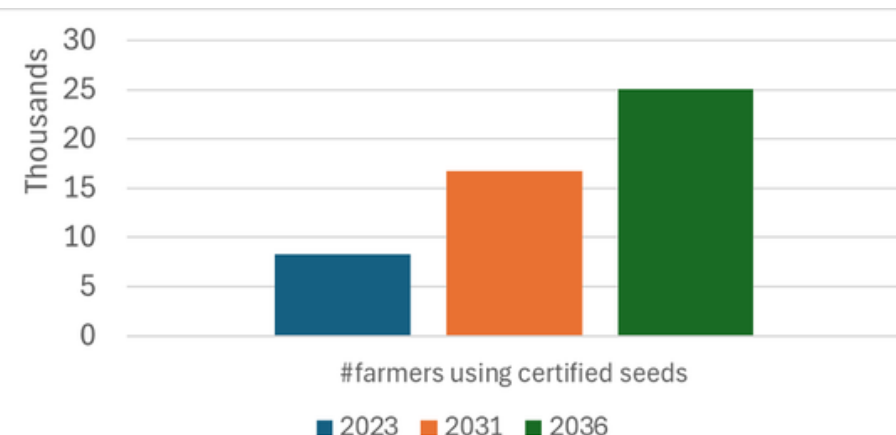
Limited local processing capacity and high dependence on imports:

- 70% of local processing capacity in use
- Imports equal to over 2/3 of total domestic consumption



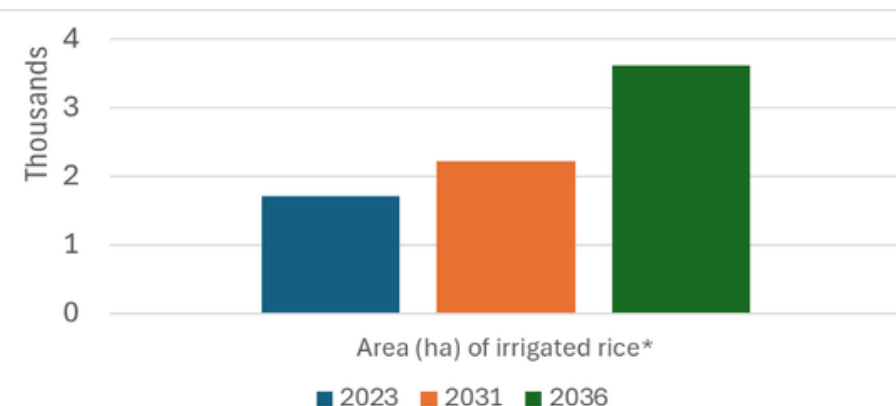


Rationale for investment integrated rice production model



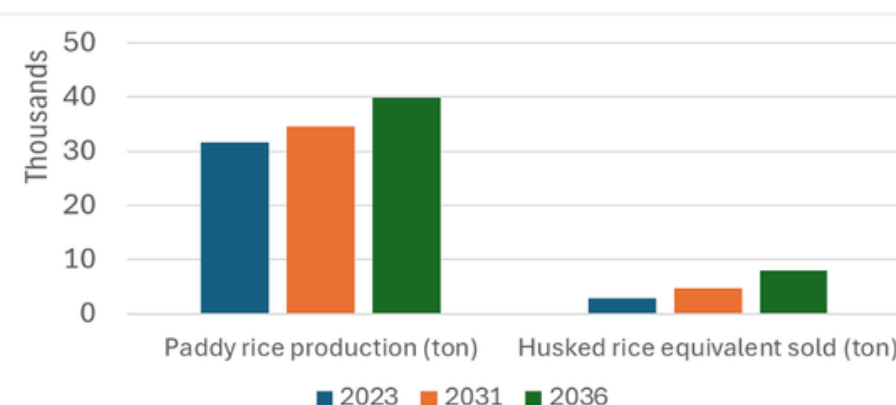
SEEDS

Certified seed multiplication
(Basic → C1 → C2)
→ Productivity and quality improvements



IRRIGATION

Expansion and rehabilitation of systems
→ Reliable water supply
→ Enables scaling of production



PRODUCTION AND PROCESSING

Farming + outgrower schemes
Milling and value addition
→ Strengthens market supply



MECHANIZATION

Support Service Provision
→ Productivity efficiency improvements

INVESTMENT CASE

Certified seed multiplication



TOTAL PRIVATE INVESTMENT OF

USD 8 687 030

BOTTLENECK	KEY INVESTMENT	MAIN RISKS AND MITIGATION STRATEGIES
Limited availability and weak commercialization of certified seeds and inputs	Construction and operationalization of a certified seed processing facility Capacity: 1 875 tonnes/year Private cost: USD 1 584 977	Land tenure access for private investment: Government to facilitate and secure allocation of DUATs for strategic investments
Insufficient scale for certified seed multiplication	Development of 250 ha under investor-managed certified seed production Private cost: USD 6 944 064	High climate exposure and low irrigation coverage, affecting productivity and production stability: PPP-based irrigation development
Weak integration of smallholder seed multipliers into structured value chains	Development of 500 ha under smallholder-based seed multiplication schemes (outgrower/integration model) Private cost: USD 157 989	Limited and uncertain market demand for certified seeds: public procurement of certified seeds through development programmes to support rice value chain expansion



TOTAL PRIVATE INVESTMENT OF

USD 8 687 030

Target: Annual production and trade of 1 875 tonnes of certified rice seed

Direct Beneficiaries:

- 67 jobs created
- 455 smallholder farmers (seed multipliers)

Indirect Beneficiaries:

- 9 579 jobs (smallholder commercial farmers)

Time Horizon: 10 years



INVESTMENT CASE 1

Certified seed multiplication

Government commitment to facilitation of land tenure allocation for strategic investments

NPV: USD 3 325 059

IRR: 34%

Payback: 6 years

Ex-ACT carbon balance (tCO₂-e): 7 911

INVESTMENT CASE 2

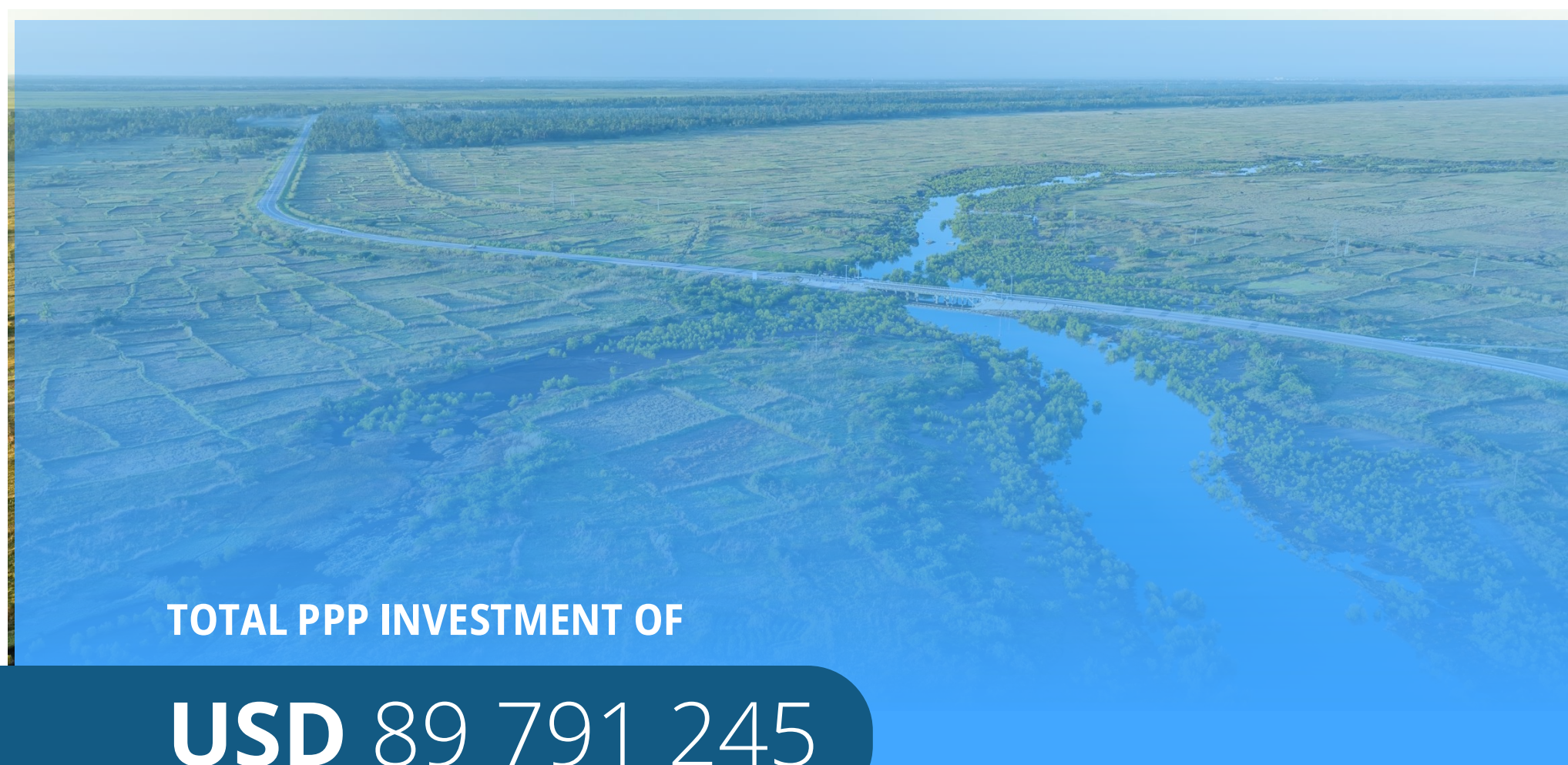
Private irrigation management

TOTAL PPP INVESTMENT OF

USD 89 791 245



BOTTLENECK	KEY INVESTMENT	MAIN RISKS AND MITIGATION STRATEGIES
Limited capacity to structure and manage large-scale irrigation schemes	Construction/Rehabilitation of 15 000 ha of irrigation schemes for private sector management under a PPP model Public cost: USD 60 000 000	High cost of irrigation service provision: Public co-investment in infrastructure (rehabilitation) and deployment of cost-reducing technologies (solar-powered systems)
Limited access of smallholders to affordable and reliable irrigation services	Installation of solar-powered water distribution systems and operational infrastructure operated under a pay-as-you-use model for the irrigation schemes Private cost: USD 13 318 240	
High cost structure of irrigation service provision	Development of 15 000 ha of outgrowers schemes for rice production under the irrigated perimeter Private cost: USD 16 473 005	Limited ability to pay for irrigation services among smallholders: Integration of irrigation services with production support (inputs, extension, and market linkages) to ensure farm-level profitability and sustained uptake
Weak integration of smallholders into structured value chains		



TOTAL PPP INVESTMENT OF

USD 89 791 245

Target: 15 000 ha of rice produced under irrigation schemes

Direct Beneficiaries:

- 57 jobs created
- 10 714 smallholder farmers (operating in irrigation schemes)

Indirect Beneficiaries:

- 3 800 indirect/seasonal jobs

Time Horizon: 10 years



INVESTMENT CASE 2

Certified seed multiplication

Government commitment to invest in irrigations schemes rehabilitations/construction

NPV: USD 12 665 453

IRR: 19%

Payback: 8 years

Ex-ACT carbon balance (tCO₂-e): -462 182

INVESTMENT CASE 3

Integrated production and processing

TOTAL PRIVATE INVESTMENT OF

USD 29 119 778



BOTTLENECK	KEY INVESTMENT	MAIN RISKS AND MITIGATION STRATEGIES
Limited local processing capacity and weak value addition	Installation of a rice processing facility with a capacity of 30 000 tonnes/year Private cost: USD 17 113 769	Land tenure access for private investment: Government to facilitate and secure allocation of DUATs for strategic investments
Fragmented and small-scale production systems	Development of 1 650 ha of nucleus rice farming Private cost: USD 12 006 009	High logistics and transportation costs, affecting competitiveness of locally processed rice: Targeted public investment in feeder roads and promotion of alternative logistics (e.g. coastal/maritime routes)
		Market and price risks, including volatility and competition from informal and cross-border trade: Implementation of fiscal, trade and non-trade measures to support competitiveness of local production and strengthen market regulation



TOTAL PRIVATE INVESTMENT OF

USD 29 119 778

Target:

- 30 000 tonnes of incremental rice processed and traded annually
- 25 000 tonnes of paddy rice annual surplus

Direct Beneficiaries:

- 110 jobs created
- 235 nucleus-linked farmers

Indirect Beneficiaries:

- 4 000 indirect/seasonal jobs

Time Horizon: 10 years



INVESTMENT CASE 3

Integrated production and processing

Government commitment to facilitation of land tenure allocation for strategic investments.

Favourable business environment and protective measures for domestic rice production.

NPV: USD 7 468 585

IRR: 21%

Payback: 8 years

Ex-ACT carbon balance (tCO₂-e): **2 796**

INVESTMENT CASE 4

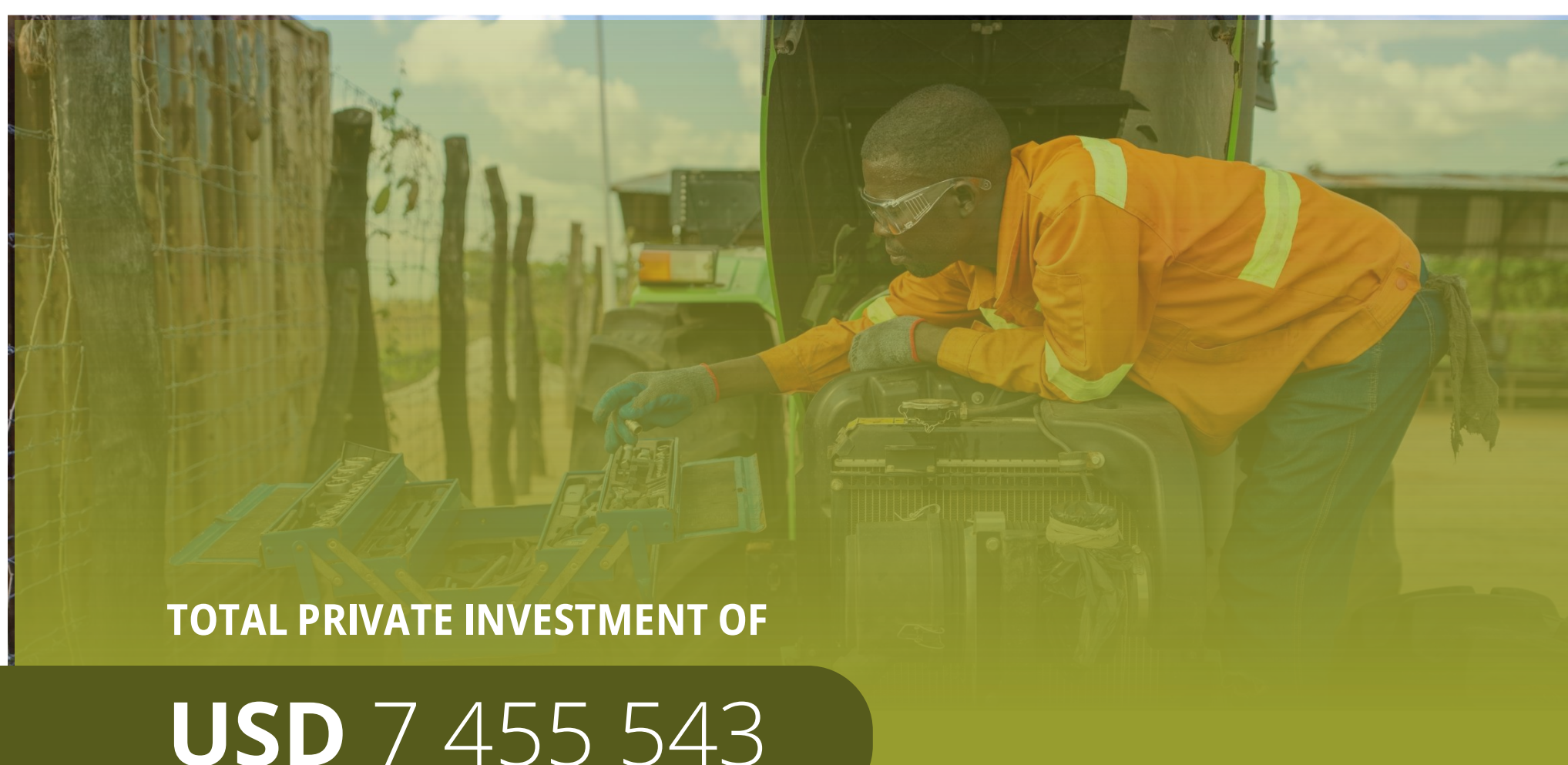
Mechanization service centre

TOTAL PRIVATE INVESTMENT OF

USD 7 455 543



BOTTLENECK	KEY INVESTMENT	MAIN RISKS AND MITIGATION STRATEGIES
High dependence on manual labour increases production costs and limits the area cultivated by smallholder farmers. Limited access to affordable mechanization services and availability of agricultural equipment constrains timely on-farm operations, reduces yields and limits the area cultivated by smallholder famers	Establishment of a mechanization service centre equipped with 32 tractors and implements for land preparation, planting, laser levelling, and agricultural transport services, including workshops, machinery sheds, and supporting infrastructure Private cost: USD 7 455 543	Low utilization rates of mechanization equipment: Integration of mechanization services into contract farming and outgrower schemes, ensuring sufficient demand aggregation among smallholder farmers to improve equipment utilization and profitability.



TOTAL PRIVATE INVESTMENT OF

USD 7 455 543

Target:

- Mechanization services provision to at least 17 400 ha of rice fields per year

Direct Beneficiaries:

- 68 jobs created

Indirect Beneficiaries:

- 250 indirect/seasonal jobs

Time Horizon: 10 years

INVESTMENT CASE 4

Mechanization service centre

Government commitment to facilitation of land tenure allocation for strategic investments.
Favourable business environment.

NPV: USD 3 294 562

IRR: 35%

Payback: 6 years

Ex-ACT carbon balance (tCO₂-e): **17 420**



Summary: Integrated rice production pilot investment

TOTAL INVESTMENT	PUBLIC INVESTMENT	PRIVATE INVESTMENT	TOTAL NPV	AVG. IRR	TOTAL BENEFICIARIES	AVG. INCOME
USD 135 053 596	USD 60 000 000	USD 75 053 596	USD 26 753 660	27%	29 335	USD/capita 1 682
SEEDS	IRRIGATION	PRODUCTION AND PROCESSING	MECHANIZATION			
Investment: USD 8 687 030	Investment: USD 89 791 245	Investment: USD 29 119 778	Investment: USD 7 455 543			
NPV: USD 3 325 059	NPV: USD 12 665 453	NPV: USD 7 468 585	NPV: USD 3 294 562			
IRR: 34%	IRR: 19%	IRR: 21%	IRR: 35%			
Direct beneficiaries: 522	Direct beneficiaries: 10 771	Direct beneficiaries: 345	Direct beneficiaries: 68			
Indirect beneficiaries: 9 579	Indirect beneficiaries: 3 800	Indirect beneficiaries: 4 000	Indirect beneficiaries: 250			
Total beneficiaries: 10 101	Total beneficiaries: 14 571	Total beneficiaries: 4 345	Total beneficiaries: 318			
Increased income: USD 2 316 per capita	Increased income: USD 2 926 per capita	Increased income: USD 579 per capita	Increased income: USD 908 per capita			
Carbon balance: 7 911 tCO ₂ -e	Carbon balance: -462 182 tCO ₂ -e	Carbon balance: 2 796 tCO ₂ -e	Carbon balance: 17 420 tCO ₂ -e			