



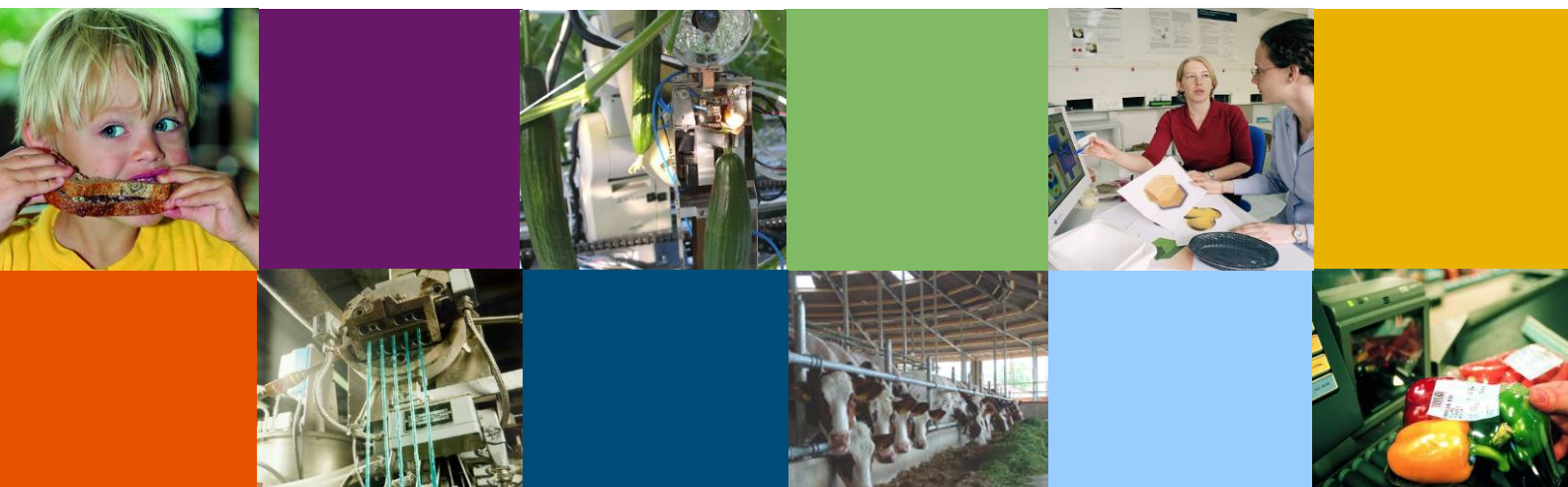
Food retail sector in Mozambique

Guide for Dutch exporters



Author: Han Soethoudt

Report 1538



Colophon

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Author(s)	Han Soethoudt
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Wageningen UR Food & Biobased Research
P.O. Box 17
NL-6700 AA Wageningen
Tel: +31 (0)317 480 084
E-mail: info.fbr@wur.nl
Internet: www.wur.nl

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Summary

This study on food retail in Mozambique is conducted on behalf of the Embassy of the Kingdom of the Netherlands in Maputo. Priority was put on food export opportunities for Dutch companies to Mozambique, a country with twenty-four million inhabitants living in an area that is twenty times the size of the Netherlands.

Mozambique has one of the fastest growing economies with an annual increase in GDP of 8% for several years already. The mining sector and new discoveries of natural gas as well as the continued political stability after the elections in November 2014 will further boost the economy. Also other regions than the South, where Maputo is the main contributor to formal food markets, will develop. The potential is there not only because of the mineral resources, but also the population size is the biggest in the provinces of Nampula and Zambezi.

Consumption statistics are driven by the majority of the population. Starchy roots (e.g. cassava) and cereals contribute as much as 75% of what people eat on average. Fruits and vegetables are about 9% together and fish and meat 1.8% and 1.7% of the total consumption respectively. From the field visits in the formal markets beef, cheese and fish were mentioned as increasing in demand.

At the moment the Netherlands is exporting mainly concentrated milk and alcoholic drinks to Mozambique, with values of USD 6.1 million and USD 0.9 million, together covering 90% of the export value. Import duties in general in Mozambique are 20% for almost all food categories, contrary to SADC¹ countries, who pay in many cases 0% and sometimes up to 10 or 15%. The border crossing on average takes 3 to 4 days. For some products like frozen poultry meat Pre-Shipment Inspection is required, which is carried out at the country of origin.

The infrastructure in Mozambique is still at a low level. Road connectivity from the South to Centre and North is bad and impedes good logistic performance with respect to lead time and costs. Governmental support in this context is driven by disclosure of mineral resources. Ports are built or upgraded and railways allowances are granted to support the export infrastructure.

Doing business in Mozambique requires relationships in areas like contracting, banking and legal aspects. Serious investment in time and eventually in the Portuguese language is needed if you want to start an office in Mozambique. Trading from a distance requires less effort. Sending containers to importers in Mozambique, who take care of logistics in Mozambique, is relatively easy. Sometimes even payments can be done with importers offices in the Middle-East, lowering the risk. The disadvantage of this approach is the dependency on the importer and lack of knowledge of the market situation.

¹ *Southern Africa Development Community*

For Dutch exporters only stakeholders of significant size in the formal food market are of interest. Since most of the supply is imported the focus is on large retailers, importers / distributors and caterers. The main companies are:

- *Importer/distributor:* Terramar, Procongel, Mega cash & carry, Tropigalia, Recheio cash & carry, Jumbo cash & carry, CB Farm Fresh, Gania Comercial, Tio Peixe and Blue
- *Retailer:* Shoprite, (Super)spar, VIP, ADC (Extra), Pick n Pay, Game
- *Catering:* IFS, Servco and Fedics

From interviewees and market research the identified opportunities are in dairy, in general in food products with a long shelf life and possibly fish. Cheese has increasing demand and is scarce, whereas milk is priced at more than USD 2 per liter sometimes. Also desserts with a shelf life of more than 30 days are wanted by the main stakeholders in the formal market. In general, because of high logistic costs, long lead times and isolation of regions by natural causes, most importers/distributors prefer products with a long shelf life which can be canned and dried food or UHT milk. The target area with the highest potential is the North where prices are higher and South Africa has less competitive advantage.

Content

Summary	3
1 Introduction	7
2 Profile of Mozambique	9
2.1 Economy	10
2.2 Policy	13
2.3 Demography	14
2.4 Geography	15
3 Food market	17
3.1 Consumption	17
3.2 Informal market	18
3.3 Formal market	19
3.4 International trade	21
3.4.1 Customs	23
3.4.2 Tariffs, trade agreements and duties	25
4 Infrastructure and logistics	28
4.1 Infrastructure	28
4.1.1 Road	28
4.1.2 Railroad	29
4.1.3 Ports	30
4.1.4 Airports	31
4.2 Logistics	32
5 Doing business in Mozambique	34
5.1 Mozambique in an international context	34
5.2 Business Confidence Index	36
5.3 SWOT analysis	37
5.4 Do's and don'ts	39
5.5 If Dutch companies want business in Mozambique	39
6 Relevant stakeholders	40
6.1 Importer/distributor	40
6.2 Retail	45
6.3 Catering and out of home	51
6.3.1 Catering the mines	51
6.3.2 Tourism - hotels - restaurants	54
6.3.3 Main caterers	55
6.4 Processing	56
7 Opportunities for Dutch exports	58

8 Conclusions	61
Acknowledgement	63
References	64
Abbreviations	66
Appendix A	Contribution to GDP in Mozambique by sector
	67
Appendix B	To Mozambique import share agriculture main countries
	68
Appendix C	Infrastructure maps
	69
Appendix D	Retail shops in Mozambique
	72
Appendix E	Contacts wholesale, import, distribution, retail
	74
Appendix F	African Retail Development Index
	76
Appendix G	Companies/people interviewed/contacted for study
	78

1 Introduction

This report is initiated by the Embassy of the Kingdom of the Netherlands in Maputo, Mozambique, that requested a study on Mozambique fresh food and agricultural products retail organisation and the potential for Dutch imports. The Embassy strategy has focus on three spearheads: Water, Food and Nutrition Security and Sexual and Reproductive Health and Rights [1]. Until now the food market is not investigated, whereas much attention is paid to agricultural production based on the well-known Dutch knowledge of this sector. In some cases (in the Beira corridor and Zambezi Valley) research is extended to the food supply chain, since an integral view is needed to market higher quality products. In many countries farmers are educated and financially supported by national and international programs in the context of food security, but only few invest in the supply chain. Hence a lot of added value in production vanishes on its way to the market because of losses and quality decay. Unpaved roads, bad packaging, uncooled transport and too many chain links are equally important issues as quality, productivity and sustainability. In addition the market is even more important. Emerging countries face the transition of a supply driven market system, with many wholesale markets (with immense losses), to a demand driven market where retailers and foodservice outlets respond to consumer trends like food variation, convenience, organic products and health. This switch requires a market focus also in research. The goal of the study is:

Identify the possibilities for Dutch food business in Mozambique in terms of key commodities exports and markets to be targeted

In more detail the goals are to study:

- the actors in the Mozambican food business that are relevant for (potential) Dutch exports to the country: importers, distributors, retailers, catering companies and consumers. This overview should include the main cities in Mozambique like Maputo, Chimoio, Beira, Nampula, Nacala, Tete and Pemba. Since the mining industry is booming, insight in this sector is of particular interest. The people working in this business are part of the increasing urban population and therefore a target group for value added products.
- import practices with respect to regulatory and logistic issues
- doing business in Mozambique: SWOT, do's and don'ts

Furthermore access information of companies (name, address) and bibliography is included in the appendices.

Note that, although useful country background is reported, the focus of this study is not on food supply chain investment in the country itself.

The study is carried out in two parts: a mission in the last week of November 2014 and a desk study in December 2014.

The structure of the report is as follows: the first three chapters present a general view on Mozambique with respect to profile (chapter 2), food market (chapter 3) and infrastructure and logistics (chapter 4). The next three chapters are focused on international trade with Mozambique. It starts with 'how to do business' (chapter 5), describing relevant stakeholders and companies for Dutch export (chapter 6) and identify opportunities for Dutch export (chapter 7). The final chapter concludes with findings of the study.

Note: pictures without a reference are taken by the author

2 Profile of Mozambique

The Republic of Mozambique is a country in Southeast Africa bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest. It is separated from Madagascar by the Mozambique Channel to the east. The capital and largest city is Maputo in the southernmost part of the country.



Figure 1: map of Mozambique (source: <http://www.globalcitymap.com/mozambique/mozambique-map.html>)

Mozambique is a unitary state. The administrative division of the country is by 11 provinces (Cape Delgado, Niassa, Nampula, Zambezia, Tete, Manica, Sofala, Inhambane, Gaza, Maputo and Maputo-city). The country became independent from Portugal on June 25, 1975 and suffered

from a civil war between 1977-1992 until in 1993 the democratic era started. The current president is Armando Guebuza from the FRELIMO party. After winning the elections in October 2014 his successor Filipe Jacinto Nyussi (also FRELIMO) will be inaugurated as the President of Mozambique on January 15, 2015.

Mozambique is endowed with rich and extensive natural resources. The country's economy is based largely on agriculture, but industry, mainly food and beverages, chemical manufacturing, aluminium and petroleum production, is growing. Mozambique has the enormous potential offered by the wealth of mineral resources deposited in their territory - terrestrial and maritime. The generous coal deposits and natural gas are powerful vehicles for economic growth in the near future. The country's tourism sector is also growing.

South Africa is Mozambique's main trading partner and source of foreign direct investment. Portugal, Brazil, Spain and Belgium are also among the country's most important economic partners. Since 2001, Mozambique's annual average GDP growth has been among the world's highest. However, the country ranks among the lowest in GDP per capita, human development, measures of inequality, and average life expectancy.

General country information	
Country name	Republic of Mozambique
Capital City	Maputo
President	Armando Guebuza
Total area (water 2.2%)	801,590 km ² (world rank 35; 20x the Netherlands)
Population	24,4 million (2013) [2] (urban 7,6 million)
Climate	tropical climate with two seasons, a wet season from October to March and a dry season from April to September
Language	Portuguese
Currency	Mozambican Metical (MZN) (15 dec 2014:) 1 € = 41,5867 MZN ; 1 USD = 33,45 MZN
Nominal GDP	12,8 bn € (2013) [3]
Nominal GDP per capita	528 €
Religions	Roman Catholic 28.4%, Muslim 17.9%, Zionist Christian 15.5%, Protestant 12.2%, other 6.7%, none 18.7% [4]

Table 1: general data of Mozambique (<http://en.wikipedia.org/wiki/Mozambique>)

2.1 Economy

Mozambique's economy is largely agriculture-based – and the role of agriculture in stimulating overall economic growth and poverty reduction remains critical as about 69% (in 2010, [5]) of the country's population remain rural-based and dependent largely on agriculture for employment and livelihoods. The percentage of people below poverty level (18 MT/day = 0,5 USD/day) decreased between 1996-1997 to 2002-2003 from 69.4% to 54.1%, but in 2009 it is

54.7% [6]. Mozambique is facing substantial economic growth in the near future that could lower the poverty rate substantially if it is accompanied by measures that ensure pro-poor, equitable distribution of economic and social benefits. The median² net hourly wage in 2013 was 36 MZN (=1.21 USD) [7]

Several key economic indicators show very good prospects for Mozambique. The GDP has been 8% on average for several years now and is predicted to maintain that level, which is among the highest in Africa and in the World.

expected growth rates of GDP (%)	2013	2014	2015	2016
Ghana	5.5	4.8	5.4	8.1
Democratic Republic of the Congo *	8.5	8.7	8.5	7.9
Mozambique	7.2	8.3	7.9	7.7
Ivory Coast	8	8.2	7.7	7.7
Tanzania *	7	7.2	7	7.1
Uganda	6	6.4	6.8	7.1
Ethiopia	9.7	7.5	7.5	7
Nigeria	6.3	7.1	7	6.9
Gabon	5.9	5.7	6.3	6.8
Kenya	5.6	6.3	6.3	6.4
Angola *	4.1	5.3	5.5	5.9
Cameroon	4.6	4.8	5.1	5.2
Lesotho *	5.8	5.6	5.5	5.1
Senegal	4	4.6	4.8	5.1
Namibia *	4.3	4.3	4.5	4.6
Botswana *	3.9	4.1	4.4	4.1
South Africa *	1.9	2.3	2.7	3.2
<i>source: FMI WEO Database (April 2014), * South Africa Developing Community (SADC)</i>				

Table 2: expected GDP growth rates in various African countries [6]

Agriculture has the highest contribution to the GDP in 2013, namely 27.1%, whereas extractive industries (minerals, gas and oil) contribute 3.3% only. Nevertheless the impact of the mining is huge, because many supporting services (repair, transport, catering ...) profit from the presence of these highly concentrated business (see Appendix A). Industry and services cover about 25% and 47% respectively to the GDP. Although the outlook is promising the GDP of Mozambique is low still. The country GDP ranks 115 according to the World Bank (0,02% of the world total³) [8].

² the median is the numerical value separating the higher half of a data sample/population from the lower half, which is different from the average

³ USA is nr 1(22,18%) and the Netherlands nr 17 (1,13%)

The average total inflation between 2000 and 2009 was 11% and the average food inflation 13% [5]. Also 2010 and 2011 had high inflation rates, whereas from 2012 it was low and stable, in 2014 always below 3% [9]. As a consequence the exchange rate related to USD and Euro is stable, which supports new investment.

The FDI⁴ shows foreign confidence in the Mozambican economy. Since 2003 the FDI increased from almost zero to more than 5 billion USD in 2012 (see Figure 2, [10], [11]). Between 2001 and 2011 FDI was highly concentrated in one sector - the extractive industry - which attracted more than 63% of total FDI, followed by processing industries and the transports and communication sectors which received about 6% of FDI. Brazil (40%), Mauritius (20%) and South-Africa (12%) were by far the biggest investors in Mozambique (cumulative 2004-2011).

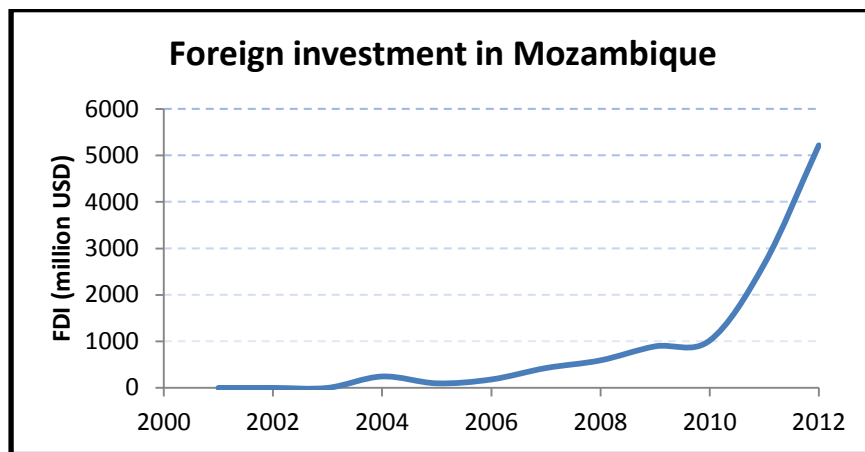


Figure 2: FDI in Mozambique in million USD

Although agriculture is the main economic activity in Mozambique the GDP and FDI increase are mainly driven by the extractive industries that are located in the Central and Northern regions. Precisely these regions are selected by the government to proclaim three Special Economic Zones (SEZ⁵, [12]), Mocuba, Nacala and Beira. This development boosts the urbanisation in these areas and attracts an integral spectrum of business, including food retail and catering. Until now high-end retail power by economies of scale is present in Maputo only, but slowly the retailers extend their view to the North. The private investments in mining and infrastructure as well as governmental policy to support corridors in this part of the country improve the attractiveness of these regions for food retailers in the context of not only the market but logistics as well.

⁴ Foreign Direct Investment

⁵ Area of general economic activity geographically defined, which is subject to a special customs regime under which all goods entering, located, circulating, manufactured or transformed therein or exported therefrom are exempt from customs duties and fiscal charges.

2.2 Policy

The development status of a country has much impact on the attractiveness for either foreign investment or exports to that country. At the moment Mozambique is still classified as LDC⁶ country and hence the government policies are directed to facilitate foreign business to come to Mozambique. High inflation rates were a key barrier, but were reduced in the last two years by controlling interest rates. Consequently FDI is strongly increasing as shown previously. Large-scale agriculture, onshore mining and offshore gas exploration, and the supporting service infrastructure required, will no doubt be key growth drivers over the coming decades, implying strategy focus of the government on these issues.

Mozambique has a clear vision for the long-term growth of its agricultural sector. This is captured in the 10-year Strategic Plan for Agricultural Sector Development (PEDSA) [13]. The PEDSA details are steps to unleash the vast potential of Mozambican agriculture by creating an integrated, prosperous, competitive and sustainable agriculture sector. It focuses on 6 growth corridors (Nacala, Zambezi Valley, Beira, Pemba Lichinga, Limpopo and Maputo), optimizing the alignment of activities through the public, private and development sectors. Three corridors - Nacala, Zambezi Valley and Beira – are particularly targeted as they hold most of the country's water resources, display high agricultural potential, as well as integration potential with domestic, regional and international markets.

Oil and gas exploration - and hopes of subsequent development and production of these finds - has placed Mozambique firmly in the sights of the international investor community and the economy is set to thrive as foreign direct investment grows exponentially. However it will take about 5 years before the first gas flows from the coastal gas reserves discovered recently. To exploit the country's natural resources the infrastructure is upgraded by building railways connecting the mines to the ports. The Port of Nacala is seen to play a key role in Mozambique's trade with Japan, China, Southeast Asia, India and Europe. It is being redeveloped under a public-private joint initiative so that larger vessels can use the facilities. The other international port outside Maputo, Beira, is also being deepened. Furthermore a new airport was opened in Nacala in December 2014.

The development of these corridors facilitates access to not only Mozambique's mining regions but to hinterland SADC countries as well, a region with 250 million consumers.

A serious concern with respect to the exploitation of the mineral resources is the benefit for the country of Mozambique and its people. Multinationals are willing to invest in extraction equipment, facilities and infrastructure in return for profitable contracts, whereas the government is squeezed between lack of finance to do this themselves and the hope of the nation on these promising coastal resources. In addition the gap between the required and available labour skills in the country shifts the preference towards private investment, hence deviating from the strong desire to use the economic benefits to improve the Mozambican situation on poverty, food security and health.

⁶ *Least Development Country (classification by United Nations)*

2.3 Demography

One of the most important aspects of investment attractiveness for food exports is market potential. This is strongly related to the composition of the population with respect to income, urbanisation, employment, cultural background and age. More than 99% of the population is African. European, Euro-African and Indians are the main groups covering the rest. Portuguese is the official and most widely spoken language of the nation, spoken by 50.3% of the population. The urban part of the population (people living in the cities) in 2012 was 7.5 million people, about 31% [14]. The dispersion of the population over the country is rather homogeneous, except for Maputo, capital city, and the provinces Zambezi and Nampula, where about three times as many people live.

Region/province	1997	2003	2007	2010	2020	2030	2040
North	5113	6003	6932	7506	9653	11931	14364
Niassa	764	946	1213	1361	1998	2762	3636
Cabo Delgado	1284	1553	1634	1731	2037	2305	2570
Nampula	3065	3504	4085	4414	5618	6864	8159
Centre	6760	7786	8822	9687	13058	16887	20795
Zambezia	3202	3545	3891	4213	5406	6607	7849
Tete	1149	1434	1806	2050	3050	4270	5753
Manica	975	1243	1438	1611	2287	3057	3490
Sofala	1380	1564	1686	1813	2315	2953	3703
South	3921	4723	4878	5224	5411	8411	10571
Inhambane	1112	1320	1305	1378	1623	1904	2217
Gaza	1034	1251	1236	1299	1549	1861	2222
Maputo	809	990	1226	1386	2107	3162	4489
Maputo-Cidade	996	1162	1112	1162	132	1484	1643
Total Mozambique	15794	18512	20632	22417	28122	37229	45731

Table 3: population size and trend per region and province (x 1000 inhabitants)

Most Mozambicans living in the cities speak Portuguese as their first language. In rural areas native languages include Swahili, Makhuwa, and Sena. English is a business language, but many people have very restricted experience and knowledge, implying still a preference for Portuguese. The median age of the residents equals 16.9 years and the life expectancy is 52.6 years ([15], see Figure 3).

The employment rate among the population is 82.3% for men and 39.4% for women. Both are mainly active in agriculture (43% vs 63.1%) and services (both 20-25%). Skilled labour accounts for 20% of the male labour force [16]. Remarkably there is no significant difference in employment rates between urban and rural areas, although wages vary. Development of retail takes place among the urban population, covering about 30% of the country [16].

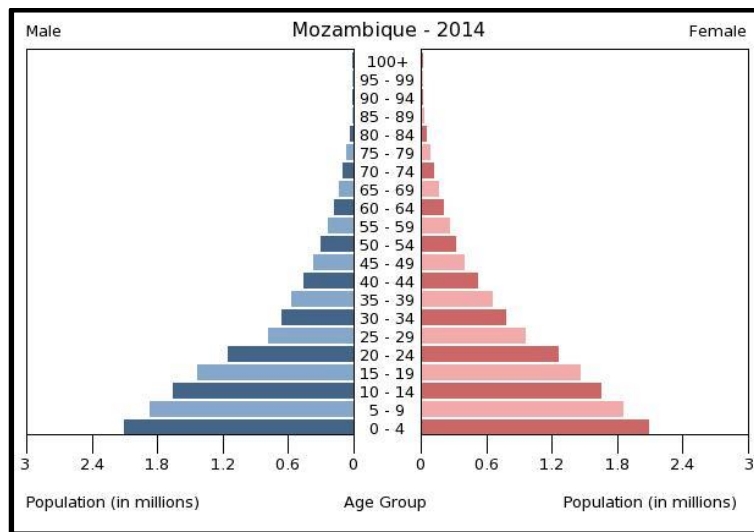


Figure 3: population pyramid Mozambique (source: [15])

2.4 Geography

Situated to the south east of the African continent, it shares borders with six other countries, Tanzania, Malawi and Zambia to the north, Zimbabwe to the west, South Africa and Swaziland to the south. The countries in the hinterland, without connection to the ocean, can be linked to export markets in Asia and Europe via various transport modes to the international ports of Mozambique and vice versa for import.



Figure 4: mineral, oil and gas regions in Mozambique (source: <http://www.theafricanaviationtribune.com/2013/03/mozambique-lam-mozambique-looks-to.html>)

Mozambique appries a vast, low, grassland plateau which rises from the coast towards the mountains in the north and west covers nearly half the country's land area. The population is concentrated along the coast and the fertile river valleys. It is along that same coast that recently oil and gas was found. Because the richness in mineral resources such as gold, emeralds, copper, iron ore and bauxite and current exploration of oil and gas there are opportunities to improve the prosperity of all residents in the near future.

The presence of natural resources in the Center and North will attract economic activity directly in mining, but also in supporting sectors like services including food. At short notice catering is expected to grow and in the long run the region becomes wealthier. The corresponding food basket diversifies and high-end outlets in retail and out of home will enter these regions.

Besides the minerals the climate plays an important role in the development opportunities. Mozambique has a tropical climate with two seasons, a wet season from October to March and a dry season from April to September.

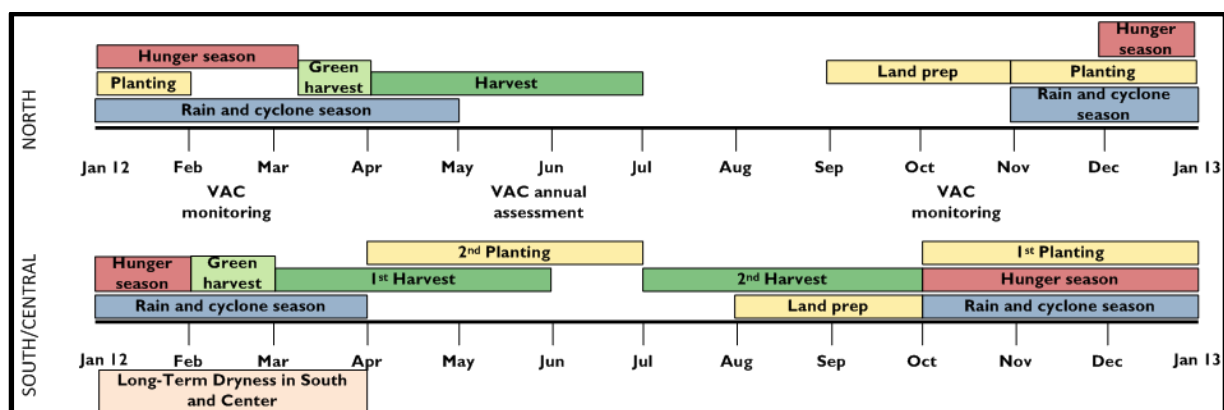


Figure 5: seasonality and climate in Central and Northern Mozambique [17]

Much of the upper level food supply (mining and tourism) for the North is sourced from South Africa or entering via Maputo and distributed from warehouses in the south or central part of Mozambique. In the raining season the supply to the end market is frequently disturbed by cyclones or floods. As a consequence there is a strong need for products with very large expiry dates for distributors/traders as well as clients. These stakeholders are used to keep stock for several months. This is a strong opportunity for all kind of processed foods.

3 Food market

Like in many emerging economies the food market in Mozambique is dominated by informal trade. This holds for the supply driven domestic market, as well as the informal cross-border trade, which is an important feature of farming communities in the border areas of Swaziland, Malawi, Zambia and Zimbabwe. Although GDP increase is high, stable and prosperous, the living standard is low. Due to the power of agricultural opportunities and investments, and the discovery of natural energy resources there is economic potential for value added food products, to be sold in formal markets. In urban areas around the year 2000 retailers have started their business mainly in Maputo region in the South (Shoprite 1997, Spar 2003), but still the market share of retail is very small. In addition to retail, the formal market is expanding by catering services to miners. The oil, coal and gas production in Central and Northern region of Mozambique including the governmental support for regional development in agriculture and infrastructure attracts retailers, catering companies, importers and foreign investors to these areas. The increasing share of the formal food market with more variety, processed food and served at higher standards is imminent and will provide opportunities for the Dutch exporters.

3.1 Consumption

Nationally, cassava, maize, and rice serve on average as the major food products in Mozambique, followed by wheat and millet. Food consumption however is not uniformly distributed over the seasons nor over the regions in Mozambique, which is related to price dynamics. In many parts of northern Mozambique, maize is seen as a cash crop, whereas cassava is seen as the main consumption crop. When maize prices are low, farmers may retain more for consumption, but when prices are remunerative, farmers will sell the majority of their maize production and cassava remains the most important consumption staple. The central region remains strongly tied to maize as a consumption staple, although rice, and more recently wheat, can also be very important for some consumers.

The share of food in expenses is 32.7% and 64.3% in urban and rural households respectively [18]. Because of the inflation period until 2011 the average absolute value spent on food increased from 1860 MZN (€ 45) per capita per year in 2002 [18] till 7227 MZN (€ 174) in 2012 [19].

Mozambique has no regular statistics on food consumption. Especially the startup of retail and other value added food distribution points lack public market information. The data in Table 4 are retrieved from a food balance analysis by FAOSTAT and are presented on category level. Staple foods, as described earlier, are dominating by far but in general the small food categories are slowly increasing. For fruits bananas and oranges, mandarins are the main products; for vegetables these are beans and onions. Pig meat and poultry are responsible for the meat consumption, whereas contrary to poultry (average about 2 kg/capita/year [20]) pig meat consumption is declining.

consumption (kg/pp/year)	2006	2007	2008	2009	2010	2011	share 2011
Starchy Roots	236,2	223,8	236,3	246,1	250,3	251,4	52,9%
Cereals - Excluding Beer	105,9	104,8	106,7	106,8	113,1	111	23,4%
Fruits - Excluding Wine	20,2	21,6	22,5	23,7	24,8	24,1	5,1%
Vegetables	13,5	14,5	15,3	16,1	17,6	18,2	3,8%
Pulses	14,3	14,9	13	12,4	11,4	13,3	2,8%
Sugar & Sweeteners	8,6	10,1	11,1	11,4	11,2	11,5	2,4%
Fish, Seafood	5	4,4	5,8	6,9	7,2	8,5	1,8%
Vegetable Oils	7,7	7,3	8	7,5	7,7	8,4	1,8%
Meat	7,7	8,4	8,8	8	7,9	7,9	1,7%
Alcoholic Beverages	5,4	5	6,5	5,5	7,9	7,7	1,6%
Milk - Excluding Butter	4,6	4,1	4,4	4	4,2	4,8	1,0%
Treenuts	1,9	2,3	2,6	1,3	3,4	2,7	0,6%
Oilcrops	1,4	1,4	1,4	1,3	2,1	1,4	0,3%
Stimulants	0,9	0,8	0,9	1,5	1,3	1,3	0,3%
Eggs	0,4	0,5	0,7	0,8	1	1,1	0,2%
Sugarcrops	0,5	0,5	0,5	0,5	0,6	0,7	0,1%
Offals	0,6	0,6	0,7	0,6	0,6	0,6	0,1%
Animal Fats	0,3	0,3	0,4	0,3	0,3	0,3	0,1%
Spices	0	0	0	0	0	0	0,0%
Total	435,1	425,3	445,6	454,7	472,6	474,9	100%

Table 4: consumption data on product group level for Mozambique (source: FAOSTAT)

Although general statistics are missing on more value added products indications of the growth of this category are available in some sales data [19]:

tons sales	2010	2011	2012	2017 f
sugar confectionary	56497	58201	59956	69492
bacon/ham	1006	1010	1013	1031
crispbreads	2172	2375	2582	4249
sweet biscuits	10449	12819	15119	33138
bread products	19655	21503	23408	38802
uncooked pasta	295369	295434	295482	295802
million litres	2010	2011	2012	2017f
beer	213	231	250	402
carbonated soft drinks	165	185	204	367

Table 5: sales development in Mozambique of some processed food and drinks (f=forecast)

3.2 Informal market

Informal market refers to the individuals involved in a commercial activity, without legal license or education, and not being directly taxed, and therefore not reported officially. Informal traders are popularly known as "tout" (which means ilícita or illegal) activity or “Dumba Nengue” (an

expression in Ronga, which is spoken in southern Mozambique, means literally: caught in the legs and run).

The domestic market is characterized by low overall purchasing power, with high incidence of poverty. Most of the population lives in the countryside and produces the basics for their food via informal trade. Informality is not only a consequence of absence of governance infrastructure but (mostly in urban regions) also results from the decision to balance costs against the benefits of registration. Due to their small size, microenterprises may find that using informal arrangements for accessing inputs is more efficient than having to pay the costs of regulatory compliance.

The same holds for informal import and export to neighboring countries. Significant volumes cross Mozambican borders both ways, especially to and from Malawi. In 2004 the informal maize export from Mozambique to Malawi was measured at 33.358 tons [21], whereas maize is one of the top 3 formal import volumes of agricultural products (138.255 tons import in 2011⁷).



Figure 6: Cyclists ferrying maize from Milange, on the Mozambican side, to Muloza on the Malawian side and there it is consolidated on a truck [21]

3.3 Formal market

The population in the cities with formal employment in general has greater purchasing power. Urban areas are supplied by imports that in general, compete with national production. The difficulties of access by roads and the low productivity of agriculture makes the national agricultural products uncompetitive relative to imports, with the aggravating circumstance of low quality, lack of standards and problems weighing and packaging. This in fact is a key driver to push formal markets, since a food supply chain that performs poor on all aspects is a threat to the health of the population. Moreover in combination with markets, that are supply driven, food waste is encouraged in a country where food security is high on the agenda.

The stakeholders in the formal market creating a supply chain for middle or high segment consumers are in many cases medium or large size companies. In these chains the share of domestic supply is low for many reasons: product quality level is low and inconsistent, size of producers is too small, no cold chain, no reliability in delivery and so on. Hence most products in

⁷ FAOSTAT

the formal markets are imported, with a vast preference for products from South-Africa. South-Africa is close to Mozambique, in particular to the Southern region where the formal market started to grow. Moreover it is the most developed country in the SADC region with by far the highest GDP.

Stakeholders are importers, distributors, large processors, retailers and so-called out of home⁸ companies. Sometimes importers are distributors as well and even processors or retailers import directly now and then.

The target market for potential Dutch export is the formal market. Economies of scale, value added products and more assortment variety are the key elements from an economic point of view. These supply chains are financially more secure and transparent. On the other hand there are risks as well. Suboptimal logistic infrastructure, delay at the border, corruption and dominant market powers might affect the performance of any imported food product. An integral view on doing business in Mozambique is a necessary condition to be successful.

The food market in general for Mozambican consumers is captured in Figure 7:

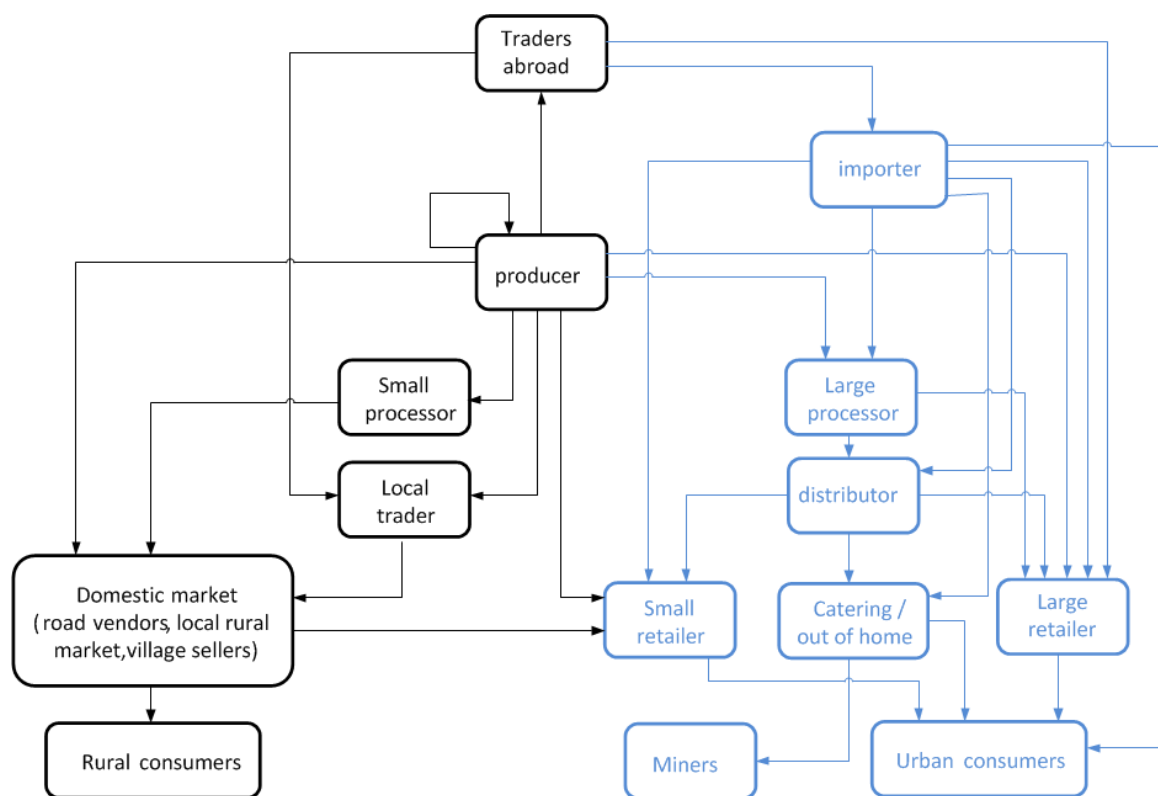


Figure 7: process scheme of Mozambican food market products flow (blue part is formal market) (based on interviews)

⁸ Out of home includes all places where people eat for money and are not at home; hotels, restaurants, fast food chains, hospitals, catering, kiosks, cafes,...

The size of the formal market is unknown, however estimated at 2% by the Business Monitor International [19]. From expert and business interviews during the field visit in November 2014 and based on own experience the estimate is 10-20%.

3.4 International trade

Besides the informal import and export between Mozambique, Zambia, Malawi, South-Africa, Zimbabwe, Tanzania and Congo there is formal international trade, hence recorded in statistics. The overall international trade from and to Mozambique is dominated by minerals, equipment and transport modalities [22]:

	imports (million USD)	2009	2010	2011	2012	2013
	all products	3764	3564	6306	6177	10079
1	Mineral fuels, oils, distillation products, etc	583	711	1488	1473	2970
2	Optical, photo, technical, medical equipment, etc	50	40	40	49	1069
3	Machinery, nuclear reactors, boilers, etc.	398	361	882	880	903
4	Vehicles other than railway, tramway	453	369	643	489	835
5	Electronic equipment	192	153	231	285	538
6	Aluminium and articles thereof	13	14	695	576	517
7	Cereals	276	149	308	209	406
8	Articles of iron or steel	105	103	229	348	237
9	Plastics and articles thereof	78	63	110	112	190
10	Animal, vegetable fats and oils, etc.	80	78	141	65	185

Table 6: import trend in Mozambique in value

	exports (million USD)	2009	2010	2011	2012	2013
	All products	2147	2243	3604	3470	4024
1	Mineral fuels, oils, distillation products, etc	374	447	587	965	1346
2	Aluminium and articles thereof	0	1160	1626	1089	1064
3	Tobacco and manufactured tobacco substitutes	181	145	180	228	257
4	Ships, boats and other floating structures	38	7	64	81	224
5	Sugars and sugar confectionery	62	9	93	148	190
6	Ores, slag and ash	59	21	176	239	158
7	Cotton	27	8	39	48	102
8	Machinery, nuclear reactors, boilers, etc	79	24	56	61	95
9	Optical, photo, technical, medical, etc apparatus	10	1	7	105	64
10	Edible fruit, nuts, peel of citrus fruit, melons	39	43	255	50	56

Table 7: export trend in Mozambique in value

Mozambique ranks 114 in the world for import and 122 for export [23] and routinely suffers from a balance of payments deficit, with imports perceived to be 40% higher than exports. Both import and export are less than 0.1% of world trade. The country constantly borrows money from the International Financial Institutions and wealthy foreign governments [24], but that might change. Mozambique's ability to attract large investment projects in natural resources is

expected to fuel continued high growth in coming years. Revenues from these vast resources, including natural gas, coal, titanium and hydroelectric capacity, could reduce their financial dependency significantly. Main export destinations are Japan, the Netherlands, Portugal, Spain, United Kingdom, United States, South Africa, Zimbabwe and Malawi. Reversely, top exporters to Mozambique are South Africa, followed by China, Singapore, the United Arab Emirates, Portugal and the Netherlands. South Africa has a high weight in Mozambican international relations. The closeness, the development of the country and the dominant position in the Community Development of Africa (SADC) clarify this trade relationship with South Africa, but also impede the competitiveness of countries like the Netherlands.

With respect to food products, staple food by far dominates the import. The role of donor programs for these volumes is expected to be high.

	import (tonnes)	2007	2008	2009	2010	2011	2011%
1	Wheat	347650	237945	428872	551379	378353	37%
2	Maize	28150	100893	81794	75826	138255	13%
3	Cake, soybeans	7965	7600	7200	28610	110762	11%
4	Oil, palm	55200	96500	72000	73200	66200	6%
5	Oil, soybean	19945	35700	10100	20500	51915	5%
6	Sugar refined	12255	50600	107790	69192	49906	5%
7	Potatoes	16327	18180	13913	21717	28062	3%
8	Food prep nes	9994	17426	15606	18751	25729	2%
9	Onions, dry	9450	11353	10060	16233	19348	2%
10	Flour, maize	0	5685	5685	23597	17978	2%

Table 8: top 10 food imports in Mozambique (source: uncomtrade)

Dutch food exports to Mozambique are very small. Since many years milk products are the main export products, responsible for 52% of the export value on average. The statistics do not show consistency and are to insignificant to draw conclusions on trends.

	import from NL (x1000 USD)	2009	2010	2011	2012	2013	2013%
1	Milk Powder Unsweet	1850	3810	3490	2192	2837	42%
2	Infant Foods	0	0	0	0	1501	22%
3	Milk And Cream Nes	0	0	0	0	658	10%
4	Sausages	232	276	249	520	329	5%
5	Seed Vegetables nes	54	0	2	46	311	5%
6	Potatoes Seed Fresh	25	178	215	196	280	4%
7	Margarine	126	248	151	191	141	2%
8	Mucilages	0	0	0	0	134	2%
9	Beer Made From Malt	170	101	133	133	96	1%
10	Malt Extract Other	0	790	111	0	95	1%

Table 9: top 10 exports from NL to Mozambique (in value; source uncomtrade; nes= not elsewhere specified))

3.4.1 Customs

The entry and exit of goods, persons and means of transport into or from customs territory is subject to Customs control and must take place at ports, airports and Customs houses duly empowered for the purpose. Before supplying products to Mozambique from abroad, foreign-trade operators should register with the Ministry of Industry and Trade, which issues an identity card authorizing foreign-trade operator activity, though those who only occasionally import or export are not barred from this activity. Hereafter trade can be initiated according to the Mozambican regulations. Annually the World Bank investigates all countries in the world with respect to doing business, and *trading across borders* is one of many performance indicators. The country ranks 129 in 2015 [25] and like many other African countries suffers from red tape. In 2010 Mozambique reduced the time required to clear goods by introducing administrative improvements at customs. The 'Documento Unico Certificado' (DUC) was introduced, which is one single document containing all the necessary information for customs and other stakeholders in the import process. In 2014 further progress in import procedures was made by the electronic single-window system 'Janela Única Electrónica' (JUE), including not only trade information but also is the interface for financial control to clearance agents, sellers, buyers and customs. Nevertheless import procedures could still be improved considering the World Bank ranking.

The focus of the study is on food and hence import procedure is elaborated in detail for this category only. Food is more critical in the sense that it is health related and can be perishable in which case throughput time at the border has strong economic impact. On the other hand price dumping is a threat in case of e.g. poultry. For this reason there exists a so-called 'positive list' of products that require Pre-Shipment Inspection (PSI). Intertek Government and Trade Services have been solely appointed by the Government of Mozambique to carry out PSI on all imports of this 'positive list'. The scope of the Intertek program includes physical inspection in the country of exporter to establish compliance with the order specification and assessment of price, customs classification and import duties payable [26].

Chapter & Tariff Code Position	Exclusions from PSI
Chapter 2	
PP 02.07.12; 02.07.14; 02.07.25; 02.07.27; 02.07.33; 02.07.36. – Frozen meat and edible parts of poultry of position 01.05	None
Chapter 11	
PP 11.02 - Flour	Quantities up to 20 kgs
Chapter 15	
PP 15.07; 15.08; 15.11; 15.12; 15.13; 15.15 – cooking oil	Quantities up to 20 litres

Table 10: food categories on the 'positive list' requiring PSI (code according to Harmonized System)

If PSI is necessary, the clearing agent of the buyer sends a Pre-Advice Form (PAF) to Intertek containing all commercial information like volume, price, HS-code, quality, company info. Based on this information Intertek sends a Request For Information (RFI) to the exporter to check or

ask for additional info. Intertek carries out the PSI from one of their international offices and if everything is okay, and the final invoice is paid by the buyer in Mozambique, the DUC is sent by Intertek to the clearing agent. If the shipment arrives at the border of Mozambique the (air)port / border crossing issues a contra-marker and the shipment enters the electronic system JUE. Logistic service providers (in port or airport) handle the goods (unloading, storage,...) and customs (Alfândegas) checks all the documents in the JUE. The carrier is X-rayed by the company Kudumba and if no irregularities are found, the carrier with goods is cleared for further transport. A schematic overview of import procedures for a Dutch exporter of food products to Mozambique is shown:

	process description	Netherlands		Mozambique					
		exporter	Intertek	importer	clearing agent	shipper	Intertek	port	customs
1	invoice details (tariff and custom duties, price, classification)	from		to	to				
2	(part of) payment	to		from					
3	request Moz-number by sending PAF for PSI				from		to		
4	ask for RFI	to	from						
5	PSI (review pricing and customs coding for consignment)		by						
6	PSI result		from	to	to				
7	if OK, packing list		from			to			
8	transport					by			
9	final invoice	from		to					
10	if OK, DUC is sent				to		from		
11	contramarker is issued							by	
12	cargo manifest /DUC is included in JUE				to			from	to
13	payment notification			to					from
14	payment at the bank			by					
15	release of products								by
16	X-ray scanning; carried out by Kudumba on behalf of customs								by
17	clearance								by

Table 11: overview of import procedures in Mozambique

Note that in general steps 3 to 10 are not in place in case the food product is not on the positive list and the DUC (single document) will be produced by the clearing agent as input for customs. The throughput time for some of the processes are known:

Process	Description	Estimated or restricted time
3	request for Moz-number	2-4 days
4	from receiving PAF to sending RFI	Within 3 days
5	Arrangement of inspection	Within 3 days
6-10	Availability of DUC to importer after inspection	Within 3 days
12	DUC available for customs	Within 3 days
13-17	Clearance	Within 48 hours

Table 12: time required for several import processes

In Table 12 logistic activities are excluded as well as waiting time at sea. On average (over all categories) the World Bank listed 25 days for the trading across borders time in Mozambique. Although this period compares well with other coastal countries in Africa, it exceeds by far the better performers in Latin America and Asia, or the top 25 countries in the world, where the time to import cargo is reported as 10 days or fewer.

Remark: In July 2004 the Ministry of Agriculture tightened controls over the importation of frozen chickens. All products must bear a health certificate from the country of origin, certifying they are free of disease, or importers may face sanctions [27].

By road, procedures are similar, but cross-border times were expected to be lower. A key issue is the lack of an integrated one-stop border post at the Lebombo/Ressano Garcia border with South Africa. Space limitations, the excessive documentation required at the border crossing, and the customs declarations on both sides of the border greatly slow the flow of cargo. Further delays result from the border posts on both sides not being operational throughout the day. To address this, the government has committed to construct a One-Stop Border Post (OSBP) with South Africa. Once completed, the OSBP, with improved customs clearance procedures, is expected to have a positive impact on trade flows and on the use of the Maputo Port.

3.4.2 Tariffs, trade agreements and duties

Besides price other issues determine the competitiveness of exporters to Mozambique. Trade agreements on tariffs or quantitative import restrictions, product related taxes and additional certification all affect the relative position of companies entering Mozambique

Trade agreements

Mozambique is member of various African and worldwide trade agreements. This study focuses on the main agreements related to food products.

Mozambique is a member of the *Southern African Development Community* (SADC) which has a current membership of fifteen countries. The SADC Free Trade Area was established in 2008 and stipulates that countries trade with each other on a duty free and quota free basis as long as goods meet the agreed rules of origin and are accompanied by a certificate of origin. However, 20% of the tradable products are set aside in the list of sensitive products and attract nationally determined rates of duty. The policy is to reduce these taxes gradually over the years.

The *Zimbabwe-Mozambique bilateral trade agreement* was signed in January 2004 and became operational in March 2005. The agreement provides for duty free trade between the two members with the rules of origin specifying a 25% domestic value added. Excluded in the arrangement is refined and unrefined sugar, Coca-cola/Schweppes soft drinks, firearms, ammunition and explosives, motor vehicles and cigarettes.

Under the terms of the *Cotonou Agreement*, Mozambican products currently enjoy reduced tariffs or duty-free entry into European Union member nations under an Everything But Arms (EBA) arrangement. This agreement ensures continued preferential access to the EU market for exports from Mozambique. Although the Cotonou Agreement was replaced in 2008 by the Economic Partnership Agreements (EPAs) and arrangements shifted from a non-reciprocal to reciprocal, LDC countries (like Mozambique) are exempted from this change.

In December 2005, Mozambique entered into a *preferential trade agreement with Malawi*. This agreement was an update of a similar agreement signed by the Portuguese colonial authorities with Malawi prior to Mozambican independence. It allows for free trade of goods originating in the two countries, excluding beer, certain soft drinks, tobacco, sugar, vegetable oil, chickens and eggs, office equipment, petroleum products, weapons, ammunition and explosives. The Mozambique-Malawi agreement has simpler rules of origin than those outlined in the SADC Trade Protocol. Mozambique has also finished negotiations with Zambia for a preferential trade agreement.

Tariffs

All customs duties are calculated based on ad valorem⁹ on the CIF¹⁰ value of the products. The values vary between 2.5% for raw materials to 20% for non-essential consumer goods. The customs tariffs are regulated by law and are available on the customs website [28]. In general the tariff structure is the same for all countries outside the SADC. Within the SADC import tariffs are reduced with some differences between South-Africa and the other countries in SADC. Not all import tariffs for intra-SADC trade are zero yet, but the goal is to eliminate all import duties in a phased approach. Some products are already zero-rated and others will follow gradually. The main food categories and corresponding current import tariffs are listed in Table 13.

⁹ A tax on imports, specified as a percentage of the value of the good or service being taxed.

¹⁰ Cost, Insurance and Freight

	non SADC	SADC	
food category	regular (%) (like NL)	SA	other
cereals	2.5	0	0
coffee, tea	20	0	0
dairy	20	0-15	0-10
fish	20	0	0
fruits	20	0	0
meat	20	0-15	0-10
processed meat or fish	20	0	0
vegetables	20	0-15	0-10

Table 13: import tariff per country for main food categories

Taxes

Besides customs duties imported products are also subject to Value Added Tax (VAT) and the Specific Consumption Tax (Imposto sobre Consumos Específicos; ICE). The VAT is a single rate set at 17%, whereas ICE is between 15% and 75%, and issued to particular product subgroups. Food is hardly addressed in this kind of tax. To protect some of the domestic agricultural production some products are zero-rated: cornmeal, rice, bread, powdered milk for nursing mothers, wheat and wheat flour, tomatoes, horse mackerel, animal feed rations and sugarcane production inputs [18].

4 Infrastructure and logistics

Exporting food products to Mozambique infers them to be part not only of Mozambican legislation, but also Mozambican infrastructure and logistics. Without focus on specific food supply chains the current general infrastructure and post-harvest logistics are described. These two issues affect the performance of the exported products in many ways, like quality control, lead time and costs. Also geographic aspects can change supply chain decision making, as choosing modalities or entry point for the exported products.

Details on food supply chains in Mozambique are relevant for investors in agriculture in the country and not the focus of this study, but some can be found in literature [29], [30], [31], [32], [33], [34], [35].

4.1 Infrastructure

Mozambique has invested considerably in transportation over the past 15–20 years; however, this has principally been on the major interprovincial roads, to the neglect of rural feed roads. Given Mozambique's development process, infrastructure deserves a crucial role in the competitiveness of the economy through mitigation of major structural constraints. The construction of accessibility as roads and bridges, as well as warehouses is of the greatest importance to maintain sustainable growth levels and ensure social progress which will eventually enable to eradicate poverty and create prosperity.

4.1.1 Road

In Mozambique, about 80% of the roads are unpaved. Paved roads, 65% are considered to be in good condition. In the rainy season, due the fact that the rural roads are mostly unpaved, the implications of bad roads are huge, since it almost cuts off supply of any goods (including food) via road [36] .

road class (km)	unpaved	paved	total
primary	1407	4459	5866
secondary	3983	809	4792
tertiary	11645	516	12161
vicinal	6500	30	6530
Subtotal classified	23535	5814	29349
urban	2500	500	3000
Total	26035	6314	32349

Table 14: km of specific road categories in Mozambique (2012)

Main roads in Mozambique are either along the coast or in West-East direction to exploit the opportunity of export and import. The absence of main roads from the South to the Centre increases the transport time, due to bad roads, and consequently the price for all products imported from South-Africa increases as well. A map of road infrastructure is in Appendix C.

4.1.2 *Railroad*

The railway network of Mozambique, which stretches for 4787 km, is structured along three corridors:

1. Nacala Corridor, linking the coal region of Tete Province to the port of Nacala, across Malawi.
2. Beira Corridor: This is the oldest rail and connects the city of Beira to the capital Zimbabwe, Harare, and also connects the holdings of Tete coal to the port of Beira.
3. Maputo corridor, includes various lines linking Maputo and its port to South Africa, Zimbabwe and Swaziland.

In general terms, the Mozambican rail system compares well with the surrounding countries and is the main driver of the development of extractive industries. Moreover, the potential interconnection of neighbouring countries is very significant and virtuous for development of the economy as a whole. The economic importance of rail transportation, which for many activities is the only financially feasible mode, has attracted the private interest of particularly the multinational companies involved in production of coal and aluminium, which augurs rapid development in the years ahead. In this sense, in 2012, the Mozambican government granted Mozambique Vale (which belongs to the group of Brazilian coal mining), in partnership with state-owned Ports and Railways of Mozambique (20%), construction of railway. This resulted in 900 km railway between Tete and Nacala, which had a first trial train running and has been completed in November 2014.



Figure 8: part of new mono-railway in Malawi between Tete and Nacala (<http://www.mkango.ca/s/photogallery.asp?send=now&ReportID=453005>)

The railways in Mozambique are not equipped with electric catenary as can be seen at Maputo's main railway station.



Figure 9: containers at Maputo railway station waiting for transport

Locomotives are diesel-driven and hence no electricity is available at the containers transported. Hence, to transport food by rail in reefers¹¹ requires diesel-electric containers, to supply electric power at sea and diesel energy on rail. This option is not economically viable for the short term, but for other food categories, like grains, that do not need controlled temperature, railway can be a realistic opportunity.

4.1.3 Ports

Mozambique has seven ports, six of which are concessioned to private operators. The three main ports are Maputo, Beira and Nacala, all international with dedicated rail links. The Port of Maputo, the ocean outlet to the Maputo Corridor, has two main terminals, Maputo and Matola. The Matola Bulk Terminal, six kilometers upriver from the Maputo Terminal, handles primarily bulk cargo, such as coal, aluminium, light and heavy fuels, mineral oil products, and cereals. Maputo Terminal handles all other cargo, including general cargo, containers, and some specialized bulk cargos. Maputo port is close to the most important South African region, and has a geographic advantage over Durban, South Africa's busiest port: it is closer to Johannesburg, 581 kilometers away by rail, compared with 750 kilometers distance between Durban port and Johannesburg. There are no cooling facilities in the Maputo port, but power supply for cooling containers is available.

The deep water port of Nacala is the main point of shipment of coal and bulk loads, while the port of Beira, more limited because its berth is not deep, requires significant investments to meet its strategic potential from the centre of the country and Zimbabwe. The main infrastructure constraint highlighted by stakeholders in the Beira Corridor is the capacity and efficiency of Beira Port, as well as its costs compared to other international ports. The total cost of shipping one 40-

¹¹ Refrigerated containers

foot container is US\$767 in Beira Port, compared to US\$490 in Cape Town or US\$264 in the Philippines [37].



Figure 10: Beira Port, building new terminal for fertilizers (<http://www.macaub.com.mo/en/2014/01/20/port-of-beira-in-mozambique-has-new-fertilizer-terminal/>)

Mozambique has been expanding the capacity of its ports to cope with the explosion of demand. This is particularly acute in the case of natural gas industry, whose actual start of production and subsequent export, drives the development of the port of Pemba, in Cabo Delgado.

4.1.4 Airports

Since the opening in Nacala, December 2014, Mozambique has two international airports. Both, Maputo and Nacala, have passenger and cargo terminals. Other airports like Beira, Vilankoulos, Tete and Nampula have international connections as well, but are mainly connected to South-Africa, and some to Malawi and Kenya. Only recently a new international cargo linkage was agreed upon by Air France-KLM-Martinair Cargo and Kenya Airways Cargo to add some destinations in Africa, including Pemba in the North of Mozambique [38].

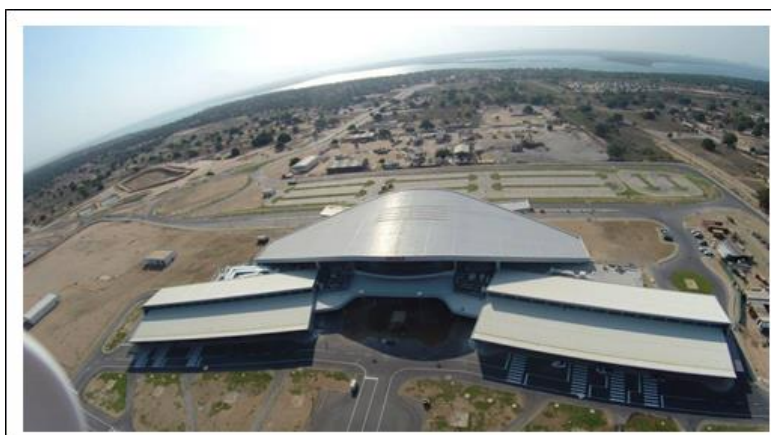


Figure 11: Nacala international airport (<http://www.clubofmozambique.com/solutions1/sectionnews.php?secao=mozambique&id=2147485968&tipo=one>)

4.2 Logistics

Logistics in this context is considered as the post-harvest process to transport food products in Mozambique from the domestic producer or point of entry in the country to the consumer. Supply chain remains a massive challenge. Although urbanization is taking hold, much of the urban growth is informal and uncontrolled, putting overwhelming strains on delivering products and services with underdeveloped infrastructures. The route to market for products can involve any combination of rivers, mountains, deserts, jungles, floods, and drought, not to mention road and railway difficulties and governance issues that can stymie the transporting of goods across international boundaries. Although advances have been made there remains a large gap in infrastructure quality compared with other regions

In the study of Brouwer et al [33] these aspects have been researched in 2013. Most smallholders still operate close to subsistence level and their integration into the market is limited. Less than 20% of them regularly sell their products. The lack of storage infrastructure, high post-harvest losses, poor transport facilities, high transaction costs and difficult access to financial services are among the main constraints. Main conclusions on logistics are:

- Postharvest losses are high in non-refrigerated fruit and vegetable chain.
- The existing cold chains for fresh produce in the Zambezi Valley can be described as incomplete or suboptimal cold chains. Where in optimal cold chains cooling starts directly after harvest with pre-cooling and the chains are ‘closed’ until the end market, in Zambezi the cold chain starts most early during transport or at the distribution link of the chain. Sub-optimal refrigerated chains are retail market, catering of the mines and restaurants. Non-refrigerated refrigerated chains are restaurants, open air markets.



Figure 12: cold storage of horticultural products in Zambezi Valley [33]

- Traditional practices of post-harvest treatment for agricultural products and use of precarious storage, in general, with high losses of quantity and quality. Losses are estimated at 30% to 70%

- Temperature control in a closed cold chain is the most important factor to prolong shelf life of fresh produce. The actual maximum shelf life is 4-6 days, where under optimal conditions shelf life could be extended with 10 – 20 days for tomato, lettuce and bell pepper.

Measures to overcome these practices are in the field of packaging, education, processing and freezing. These processes either on the short-term extend shelf life and reduce waste, or in the long run provide food security.

Finally rising two-way trade with Asia represents an opportunity for Mozambique to boost its role as a logistics hub in the region, which would include not only warehousing and inventory management but also a range of packaging, dispatching and processing services and activities. A logistics hub, which creates overall economic value added for the region and Mozambique is insufficient if there are inadequate linkages to the local economy to boost activity by SMEs and other entrepreneurial actors, as well wider social impacts leading to poverty reduction and the uplifting of communities and individuals. The impact of infrastructure investment in the main corridors is huge and relevant for the country, but there should be focus on upgrading logistics for SMEs as well. Not only paved roads, but also education on post-harvest processes and loan options for warehouses in a cooperative context are needed.

5 Doing business in Mozambique

For stakeholders related to international business, looking for new countries to export to, various kinds of information are of interest. Knowing where a country's economy stands in the aggregate ranking on the ease of doing business is useful. In addition social and cultural knowledge about trading as well as economic insight on an operational scale are necessary conditions to be successful. Four sources are used in this report to identify the most relevant information:

- a) Doing Business: World Bank methodology describing the ease of doing business in 189 countries targeted at policy makers. Countries can be compared with respect to business and trade indicators. On macro-level the World Bank reports on these issues annually, using a standard set of indicators [25].
- b) Business Confidence Index: KPMG index is developed to contribute to the actions of those aiming to bring a greater business transparency to the national market, to make an instrument available to national and international investors and give more credibility to the Mozambican market serving thus as an instrument to support economic agents in their decision making. The methodology is using similar indicators, however is on a national level and compares the provinces in Mozambique [39], [40], [19].
- c) SWOT analysis: applied on economic and business aspects of Mozambique [41].
- d) Do's and Don'ts: practical knowledge based on experience from stakeholders in the Mozambican food market (interviews).

Remark: the information in these four sources is incomplete and often on a general level, but can be used by exporters to be prepared or as a trigger to do further research in a specific area, e.g. consumer research in Nacala.

5.1 Mozambique in an international context

Every now and then international companies are evaluating their market portfolio and start looking for new opportunities. For several reasons it is not straightforward from a Dutch producer/exporter perspective to start looking at Sub-Saharan countries, except South-Africa. The long distance hampers competitiveness, low development status abates market potential for value added products, red tape and corruption is a financial risk and bad logistic infrastructure might affect the quality and image of a well-branded product. This general blunt view does not do justice to the emerging economies in the region, but it is hard find information to identify the high-potential countries based on an objective and differentiated insight on relevant aspects for international trade. The World Bank produces an annual report for policy makers on Doing Business per country, and some of these indicators shine some light on the differences, hence being interesting for exporters as well. The attractiveness of a country to do business is captured in one indicator: the ease of doing business however is elaborated in great detail in the World Bank report. A worldwide overview of the rankings is in Figure 13:

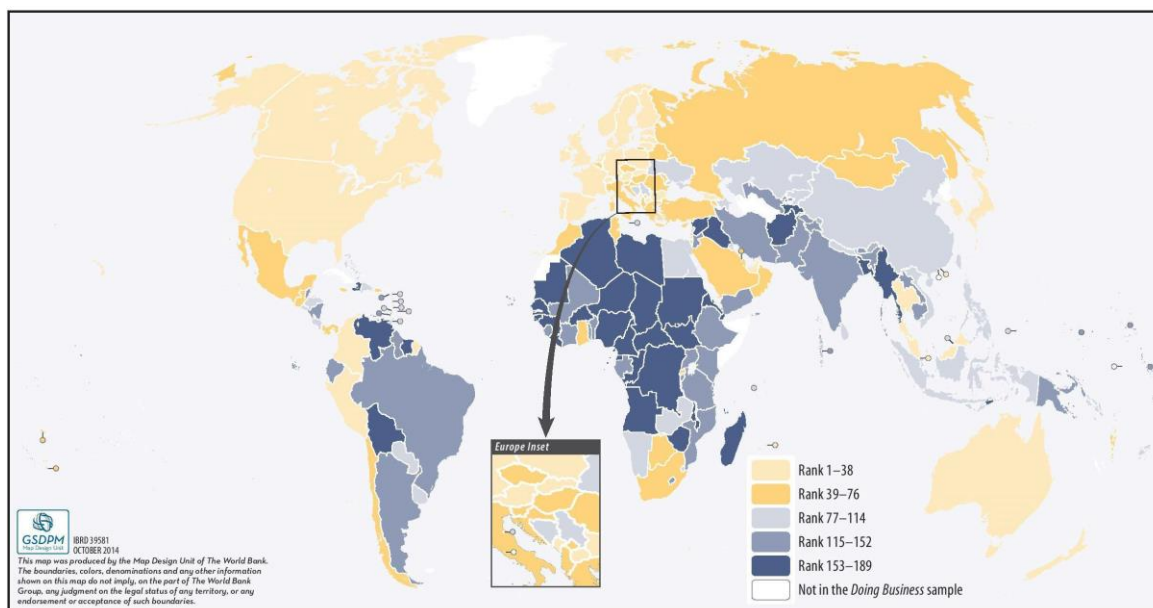


Figure 13: the 'ease of doing business'- rank in 2015 according to the World Bank [25]

The rank of Mozambique is 127 in 2015 (142 in 2014). The relative position of Mozambique in the SADC region for some relevant indicators (definition, see [42]) is given in Table 15:

Economy	Ease of Doing Business	Starting a Business	Protecting Investors	Trading Across Borders	Enforcing Contracts
Portugal	25	10	51	29	27
Netherlands	27	21	94	13	19
Mauritius	28	29	28	17	44
South Africa	43	61	17	100	46
Botswana	74	149	106	157	61
Seychelles	85	127	56	42	103
Namibia	88	156	87	136	53
Swaziland	110	145	110	127	173
Zambia	111	68	83	177	98
Mozambique	127	107	94	129	164
Lesotho	128	108	106	147	115
Tanzania	131	124	141	137	45
Madagascar	163	37	87	109	146
Malawi	164	157	132	170	154
Zimbabwe	171	180	87	180	157
Angola	181	174	94	167	187
Congo, Dem. Rep.	184	172	146	175	176

Table 15: value of 'doing business'-performance indicators in 2015 for SADC countries, Portugal and the Netherlands

The table shows that within the SADC area Mauritius and South Africa are doing very well and Mozambique scores average.

When entering a country, most companies find it advantageous to establish a local office to assist in dealing with local officials and clients. Red tape, though reduced, remains a problem, and petty corruption can obstruct the securing of local licenses and permits. Most firms hire a consulting firm to assist with the registration process, and small-to-medium-sized businesses experience significant delays. In the last five years Mozambique carried out some reforms to improve their business climate:

- made starting a business easier by eliminating the minimum capital and bank deposit requirements (2010)
- reduced the time required to clear goods by introducing administrative improvements at customs (2010)
- eased business start-up by introducing a simplified licensing process (2011)
- made trading across borders easier by implementing an electronic single-window system (2014)

5.2 Business Confidence Index

The Business Confidence Index (BCI) is built up by seven groups of factors: Infrastructure and services, legal, financial market and credit, macroeconomic, labour, trade and government and governance. The methodology consists of interviewing about thousand companies in the country, and ask them to score issues corresponding to these seven groups. Infrastructure and services and legal are contributing above the index level¹², whereas government and governance, due to corruption, crime and illnesses deteriorate the score somewhat. After the floods in 2000 the expectations in relation to business performance grew and since then have remained stable.

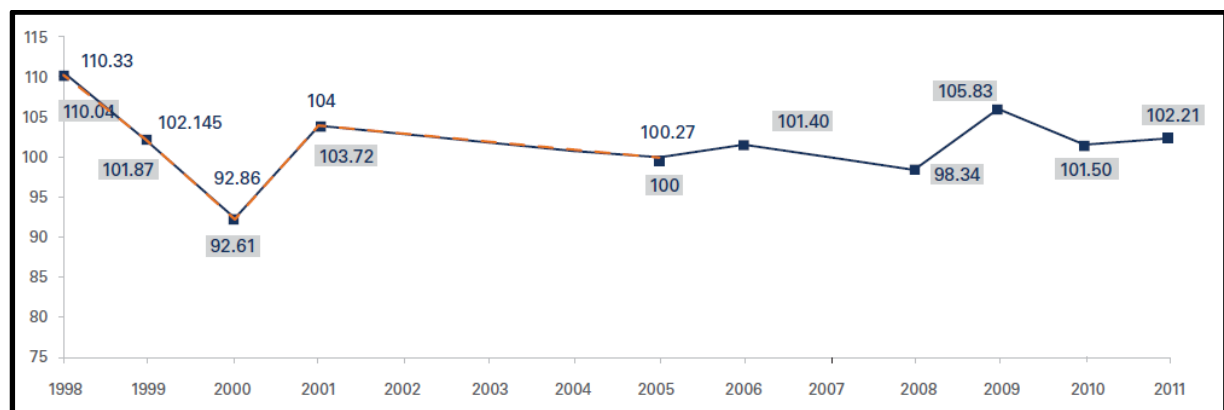


Figure 14: development of the BCI between 1998 and 2011 for Mozambique

These recorded data are split up on province level in Figure 15. The province Manica, at the West-side of Central Mozambique, has the highest BCI by far. The analysis of the sub-indexes by groups of factors reveals that the Finance and credit market and the legal factors are the ones that

¹² The index level was recalculated to 2005 (see graph)

have the most influence on the position achieved by Manica, with 133.63% and 128.66% respectively. The factors that had the most influence on the other provinces were infrastructures and services and legal factors. It is not clear why Manica has the highest BCI, but knowing that agriculture and minerals are the main economic drivers in Mozambique suggests a link to gold mines or the hype of coal production, as the price per unit almost doubled between 2009 and 2011, the year this study was carried out. In Maputo the factors with the biggest negative influence are corruption, interest rates, inflation, bureaucracy and illegal imports.

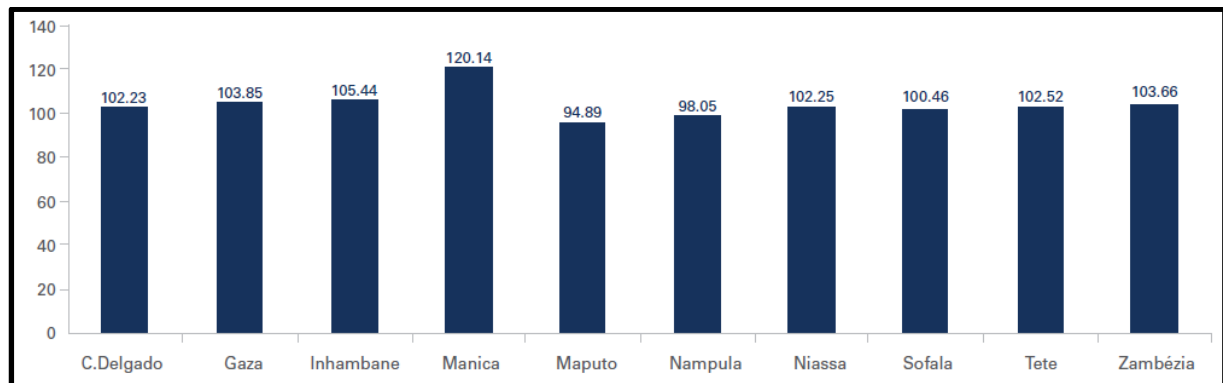


Figure 15: Business Confidence Index in 2011 per province in Mozambique

There is not much difference between the provinces in the BCI 2011, except for the position of Manica and Maputo. Maputo scores low more often, however the ranking of Manica seems to be related to the coal price in 2011 which collapsed again in 2014.

5.3 SWOT analysis

Input is collected from literature [19], [40], [41]:

Strengths:

- The overwhelming dominance of the ruling Frelimo party creates long-term policy continuity. Mozambique has made good progress in the development of a democratic system since the end of the civil war.
- GDP growth of 8% per year
- Expanding middle class
- Membership of the Southern African Development Community (SADC) gives Mozambique duty-free access to the 15-member group
- Coastal position with port facilities, Maputo, Nacala and Beira can handle reefers for fresh produce
- Natural gateway to Southern African countries
- Investments of up to USD 4 bln in infrastructure in Beira, Nacala and Zambezi Valley (enhancement of Beira and Nacala ports, paving major roads, airport improvements)

Weakness:

- Weak market performance (distribution, purchasing power)
- (Cold) storage, warehouse capacity is low
- Troubled access to land and tenure security
- Limited access to finance
- Weak physical infrastructure with little public-private partnerships involved
- Labour force with low skills and little entrepreneurship;
- Lack of quality standards and certification

Opportunities:

- Mozambique's natural resources have hitherto been underexploited. The country's large coal and natural gas deposits are receiving considerable international investment.
- Because of mining expansion increasing demand for food, currently imported at high costs
- Besides abundant mineral resources also large gas reserves and tourism potential

Threats:

- Underdeveloped banking system with little working capital finance available: high interest rates, limited risk appetite by banks, weak credit information systems, a weak collateral registration and enforcement system, and limited business and financial management skills in SME's
- Weak infrastructure and high transportation costs (World Bank);
- Due to war and political adventures very small entrepreneurial class present, wasted generations;
- Domestic regulations and procedures time consuming
- Informal competition
- Widespread poverty and extremely low development and as a consequence a high risk of social unrest
- Weak institutions constrain economic and business development (relevant to agrifood: phytosanitary services, national seed inspection service, extension service, international certification schemes like GlobalGAP etc)
- Sever effect of weather calamities that affect output in agriculture
- Problematic and erratic policies in agricultural output and input markets
- Widespread corruption; although decreasing
- Countries with Portuguese language have an advantage (Brazil, Portugal) due to the local Portuguese language

5.4 Do's and don'ts

All countries in the world have their specific social and cultural ways of doing things, including business. Paying attention and respect to these aspects will increase the chance of success.

Do's	Don'ts
It is not important what you know, but who you know	Try to cut corners and go fast; everything will take a lot of time
If local staff is needed, you have to train them yourselves; lead by example	Don't start big, big projects don't work; start small and grow from there
Get a good law firm that is well-connected; labour laws are tough and employee focused	
Learn Portuguese	
Use a solid international bank	
Do business with a strong local partner	
Get relevant relations if you want to invest	
If you need 100 money bring 200	
Stay below the radar of the dominant market players	
Write the text on the packaging in at least English, but preferably in Portuguese as well	

Table 16: do's and don'ts according to interviews

5.5 If Dutch companies want business in Mozambique

When Dutch companies want to do business abroad it is worthwhile what information is relevant to them. The main reasons for showing interest in Mozambique were strong growth of GDP and population and the political stability.

In response to a small inquiry seven Dutch companies prioritized their issues of interest.

Relevant to note is that five companies are interested to invest in local business and only two are exporting to Mozambique. The average result is:

- Very important: market potential
- Important: resources (arable land, water)
population growth
political stability
finances (banking)
- Less important: logistics
Corruption

The role of the Embassy in providing information to companies is arranging meetings in the Netherlands and sending relevant reports. Additional resources for information are internet and work-related network.

6 Relevant stakeholders

For Dutch exports only stakeholders from the formal market and with significant volume are of relevance: importer, large processor, distributor, catering/OOH and large retailer (see Figure 7).

6.1 Importer/distributor

The role of the importer and distributor is crucial in emerging economies. In most cases the food market in these countries is supply driven and economies of scale are absent on the demand side. Economically viable logistics for medium or long-distance food markets requires consolidation, which is the reason of existence for these stakeholders. The tourism sector (hotels, restaurants, ...), caterers for the mining industry and small retail, even wholesale markets all depend on these companies. These SMEs buy bulk volume, which is available only at consolidation points, at the importer/distributor. Very often consumers can buy directly from the warehouse of the importer/distributor as well. Relevant importers/distributors in Mozambique are listed.

Terramar

Terramar is a large importer in Mozambique. They supply supermarkets, caterings, hotels, groceries, retails and particular consumers. Distribution points are in Maputo, Beira and Nacala. The cooling facility in Maputo has a capacity of 20 containers, and they will build another one of the same size. Maputo is their normal entry point for imports, but because of the development of the North it is line of expectations that containers will go directly to Nacala.

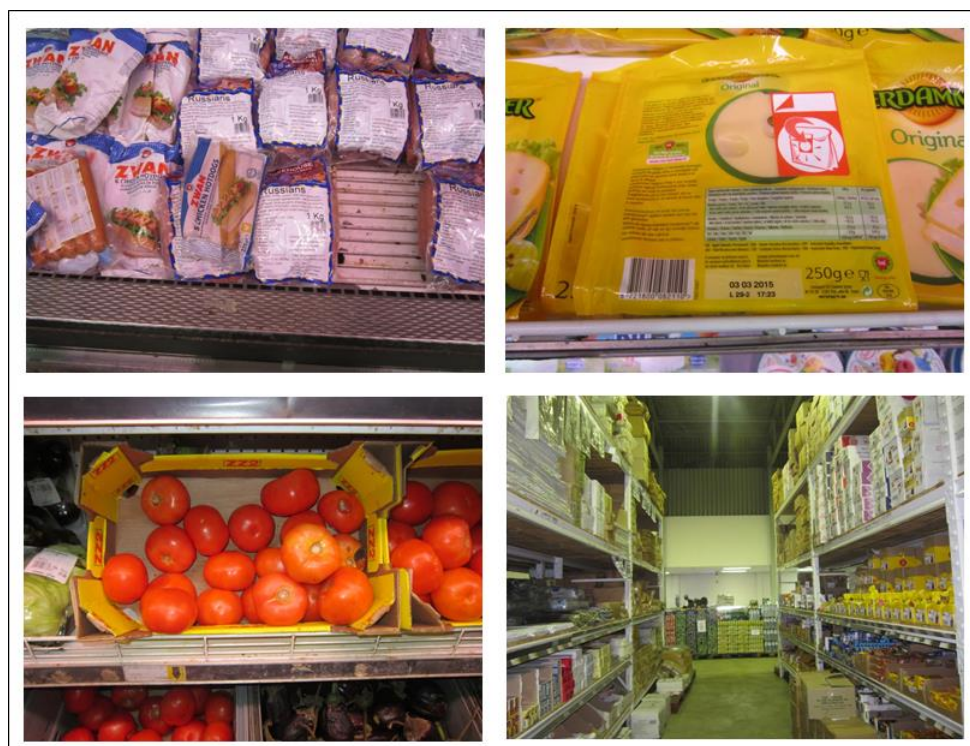


Figure 16: Terramar warehouse/outlet with Zwavenberg Hotdog and Leerdammer cheese from the Netherlands

For meat, dry and canned, imports are sourced mainly from Portugal, Spain, USA and Canada. Chicken is from Brazil. Canned fruits and vegetables are imported from Belgium.

Procongel

Procongel sells frozen and fresh foods and is a large importer situated in Maputo only. They serve the whole country from there. The categories they sell are beef, lamb & mutton, goat, venison, wild birds, ostrich, cold meat and hams, pork, chicken, duck, sausages, turkey, frozen vegetables, fish & seafood, miscellaneous (e.g. butter, cheese). The customer portfolio includes hotels, catering (for the extractive industry) and consumers.



Figure 17: Procongel facility and cooled truck used for distribution at Procongel

Most products are sourced from Johannesburg, South Africa by truck. Chicken comes by boat from Brazil and Ukraine, and dairy from Portugal. Throughput time at the port depends on the product but on average is 3 to 4 days. The logistic throughput to the North is one cooled truck to Pemba per month, and once per week a transport by plane to Nampula and Tete. In 2011 the Procongel sales value was USD 2.43 million [43].

Mega cash & carry

Mega is a Mozambican distributor of the main categories of food and non-food products with the aim of price leadership. Principle customers for Mega cash & carry are hotels, restaurants and caterers. Like Terramar they are present in Maputo, Beira and Nacala. In Beira and Nacala they only sell exclusive products, e.g. coffee and cod fish. Imports for these two outlets go by boat directly to Beira and Nacala ports. Beira receives five containers per month (two are coffee) and Nacala two.

In most cases imports are FOB¹³, lowering the margin. Imports come from Europe, South Africa, China and Brazil. Bakery brand is Delifrance, sourced in Portugal. Juices are entering Maputo from Cape Town by boat in ten days, which is cheaper. Also good quality yogurt comes

¹³ Free On Board: the buyer has to pay the transport by sea and all activities from there

from South Africa with thirty days shelf life, but nine to ten days are needed for transport and around four for port procedures. Fish, frozen food and bakery is imported by boat. Several food products come by truck from Johannesburg in five days.

Because of logistic costs SMEs, serving the Central and Northern part of Mozambique, sometimes have their own storage and buy in bulk. Consequently the expiry date should be as long as possible without losing quality.

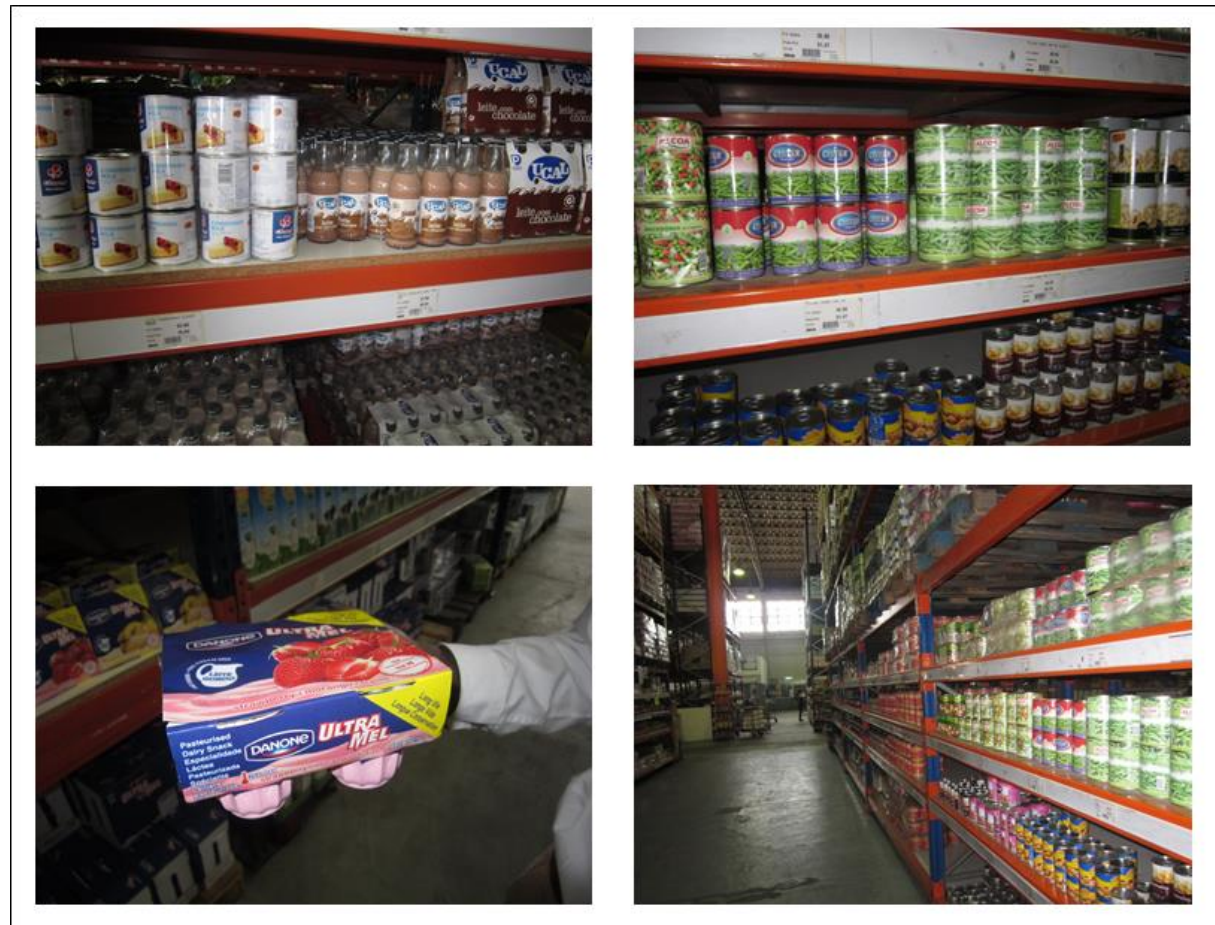


Figure 18: Mega cash & carry Maputo

This issue is particularly relevant for desserts. Figure 18 shows a 4x125 ml package of strawberry yogurt that can be stored for seven months. Mega sales in 2011 were USD 18.32 million [43].

Tropigalia

Tropigalia is a Mozambican company distributing food and non-food products situated in Maputo. The warehouse is filled with canned fruit and vegetables, dairy products with many days keepability. Meat and cheese is kept in cold storage facility in the warehouse, which is estimated the size between one and two 40ft containers. Tropigalia has a strong link with Portugal and therefore sells a lot of Portuguese brands¹⁴. Sales in 2011 were about 4.99 million USD [43].

¹⁴ See <http://tropigalia.co.mz/empresa/>



Figure 19: warehouse Tropigalia in Maputo (screenshot from video <http://tropigalia.co.mz/empresa/>)

Recheio cash & carry

Recheio cash and carry is one of the companies of the COGEF group, and primarily serves hotels and restaurants with food (groceries, soft drinks, dairy and frozen products), hygiene, beauty and cosmetics, electronics and vehicle products. Recheio has stores in Maputo, Nacala and in Nampula. In the second part of 2014 opened also in Tete, Beira, Xai-Xai and Chimoio and extended the brand Jumbo cash & carry, which is another company of COGEF. At the moment they have 14 cash & carries.

Assortment

- No fresh fruits and vegetables
- Chocolate milk from Thailand
- Milk from Parmalat, Nestle, Clover and Spar (!)
- Hero babyfruit, produced in Spain
- French fries (Golden Goodness, SA): 90 MT 1 kg (AH = € 1,30-1,50)
- Unilever: Flora butter, produced in SA: 185 MT 1kg



Figure 20: Recheio Supermarket Nacala

CB Farm Fresh

CB (Cawood Beef) Farm Fresh is a vegetable and fruit distributor, founded (2004) and based in Tete, Mozambique, which through its community ties and programs, utilizes local farmers who

are trained in its Out grower Programs, to supply local catering businesses and export markets. CB Farm Fresh intends to invest US \$2,000,000 in 2015 in the development of cold storage processing, packaging, storage, and selling of frozen vegetables, with a volume of 300 tons processed per month.

Gania Comercial Lda

Gani Comercial Lda in Nampula is a mother company of Group-AGT (Mozambique). The annual turnover is USD 12 Million and their permanent employment need is 550 people. Business concerns import, export, manufacturing and distribution.

Assortment (import and distribution):

- cereal and consumer products including Rice (Bulk), Wheat Grain (Bulk)
- edible oil
- can fish

Assortment (export):

- | | |
|--|--------------------------|
| • Cashew Nut Raw and Kernel
(processed) | • Butter Bean (Whole) |
| • Sesame Seed (Raw) | • Cow Beans (Whole)Maize |
| • Pigeon Peas(Whole) | • Sorghum |
| • Pea Nut (Whole) | • Shell Fish |

In addition Gania runs two cashew kernel processing facilities with a total capacity of 11.000 tons per year [44].

Tio Peixe

Importer and exporter of fish, pasta and biscuits from Mozambique to other African countries, located in Maputo.

Blue Lda

Blue Lda is an importer, including warehouse, located in Nampula, that is linked to the Ideal supermarket, also in Nampula [45].

Although Tio Peixe and Blue Lda are listed as distributors in the interviews for this research, at this moment they do not have a website. Viewing this as an indicator for size and level of professionalism, they cannot be considered as an international potential partner for Dutch exporters at the moment.

To put in perspective the size of this sector and the companies involved the Dutch distributors market size is used as a reference. In 2013 the food distributor sales in the Netherlands were about € 1 billion, about USD 1.2 billion, where Sligro and Deli-XL are well-known players with 21% and 11% market share respectively [45]. Note that price difference might blur the

comparison somewhat. This also holds for other sections in this study where the Netherlands is used as a reference for Mozambique.

6.2 Retail

Africa is brimming with potential for global retailers, with its billion people and growing economy. Indeed, seven Sub-Saharan African countries are now among the 10 fastest-growing economies in the world [46]. The vast majority of Africa—including Ethiopia, Ghana, Mozambique, Rwanda, and Tanzania —has limited market saturation but also low maturity. Consumer spending is generally much lower than in the more mature markets. While these markets are promising because of favourable demographics and recent growth trends, the opportunities available have, up to now, been limited primarily to offering basic consumer packaged products, preferably international brands at low prices. Supermarkets in these markets sell few fresh products; rather, fresh products are grown at home or acquired at local informal markets.

To differentiate the urgency of entering the various countries AT Kearney developed an index African Retail Development Index (ARDI, Appendix F) to characterize the attractiveness for retail in a country [46]. Figure 21 shows the 2014 score for the top 10 growing economies in

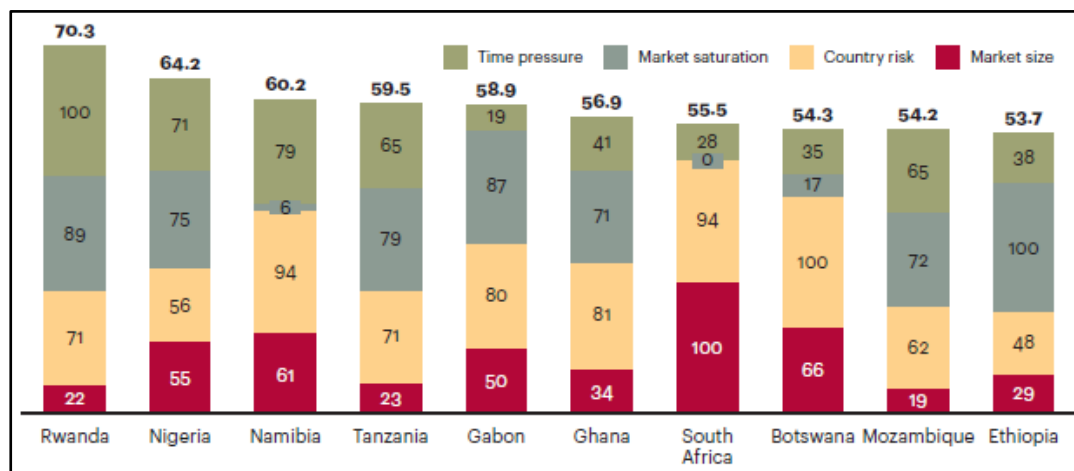


Figure 21: African Retail Development Index for top 10 growing economies in Africa

Africa. The position of Mozambique is strongly affected by its small market size, compared to the other countries. Nevertheless natural resources are driving solid economic growth in Mozambique, and formal retailers are moving in. The leaders are South African chains such as Shoprite, Pick n Pay, Spar, Woolworths, and Game, which maintain the same look and feel as their South African stores and, as in South Africa, are located in shopping centres or close to informal markets. With so many international expats in Maputo, the capital, formal retailers offer many imported international products as well as many fresh foods and meats. The South African chains are popular among Mozambicans, and they compete against each other visibly, with promotions and specials prominently placed in stores. The high level of activity in most stores

reflects a growing shopping culture. Promotions, special offers, and store attractions are drawing in new customers, particularly from the middle class. On average, Mozambicans visit formal retail stores once a month for bulk purchases of some basic packaged goods, which can be cheaper than traditional formats.

Because of their close proximity, South African retailers are able to use centralized distribution centres that lead to well-stocked shelves and controlled inventories. Overall, however, Mozambique's poor infrastructure hampers supply chain efficiency, particularly when transporting goods from ports and reaching consumers outside of Maputo. Therefore, there is a distinct opportunity for retailers who can serve these consumer markets.

Defining formal retailers as all-in-one shops there are about 80 retail outlets identified in this study (see Appendix D). The highest concentration is in Maputo, with more than 30 outlets. Many retailers are just one shop with less than 200 m² sales space, and because of scale are not relevant for direct export. They are coloured orange on the maps with store locations. Blue dots represent larger organisation in retail, including importers/distributors who also act as retailer.

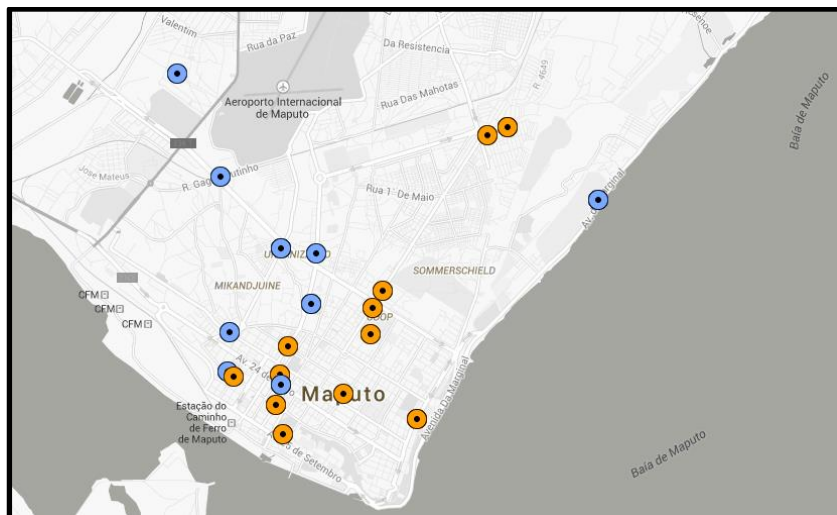


Figure 22: map of formal retail outlets in part of Maputo



Figure 23: small retail formats

The distribution of the retail outlets over the country is visualised in Figure 24¹⁵. Next to Maputo, only Tete and Nampula have more than two outlets related to larger retailers.

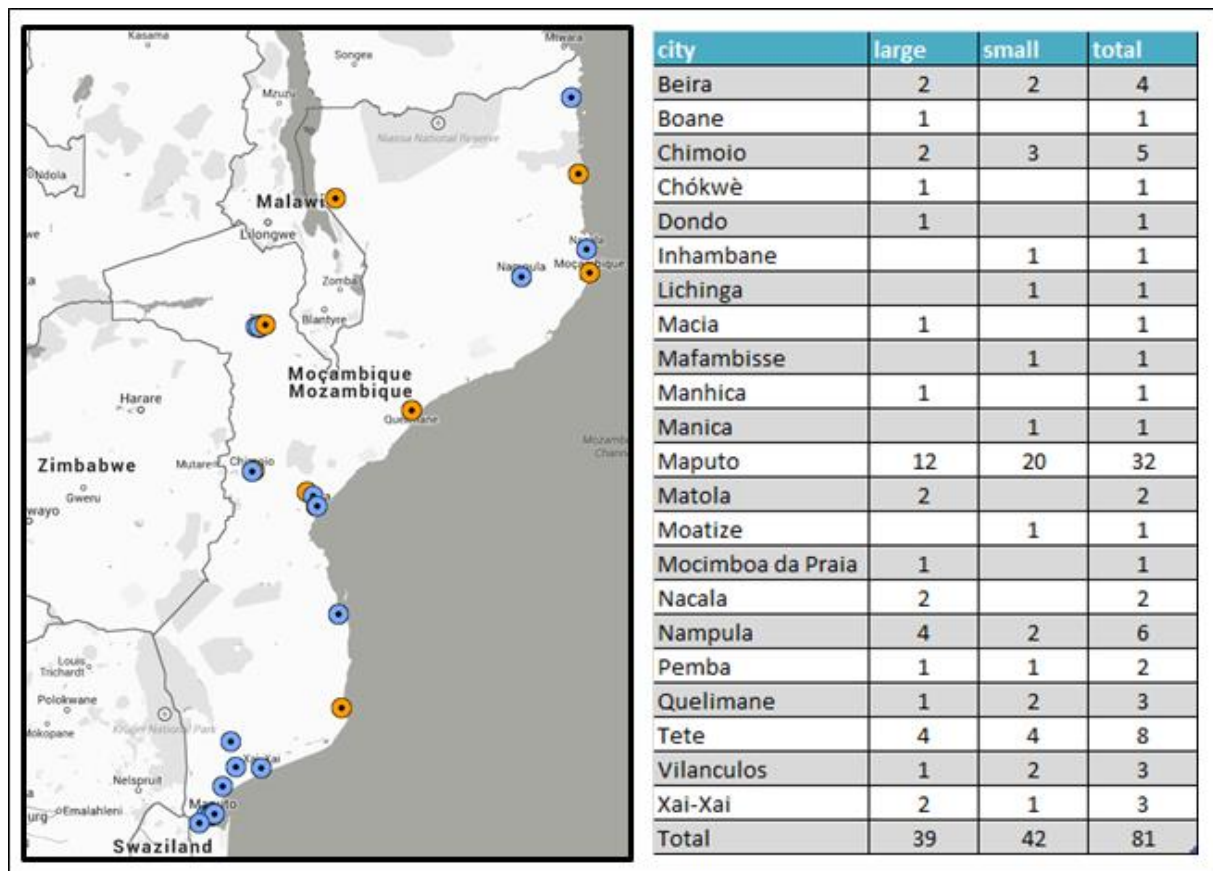


Figure 24: map of retail outlets in Mozambique

For comparison, in the Netherlands in 2013 there were 4417 supermarkets with an average (sales) floor space of 850 m² [47].

Within this list there are two high-end supermarkets aiming for upper class consumers: Deli968 and Woolworths, but they only run one store.

Below, larger retailers are described.

Shoprite

Shoprite's various chains operate in 17 countries, but the name Shoprite is the original business of the Group and remains the flagship brand, serving the mass middle market.

They opened their first store in Maputo in 1997 and now have 11 shops in operation in Mozambique (Beira, Dondo, Chimoio, Nampula and Maputo). A considerable part of their product is coming from South Africa and only sometimes food is sourced locally (from Boane, Goba and Chokwe), like some vegetables in the winter.

¹⁵ Note that because of the dot size many locations are hidden on the map. Details can be found in Appendix D



Figure 25: Shoprite Maputo, fruits and vegetables, unloading cooled truck at shop

They have a low capacity cold storage room for their need. The frequency of delivery of fruits and vegetables to the three shops in the South (Maputo, Matola, Costa) is twice a week. About 28 tons in 30 pallets per cooled truck are supplied, unloaded and after two days of checks (paperwork and quality) products are available on the shelves. Local delivery is on daily basis. Other shops in the North are also delivered by a truck from South Africa, but only once a week.. Under the umbrella of free trading inside SADC region, Shoprite benefits a 5% tax reduction, and local production like tomatoes is even free from tax.

Assortment fruits and vegetables:

- Shoprite operates with the brand Freshmark for fruits and vegetables
- Biggest products are tomatoes (4-5 tons/wk) and apples
- If South Africa is off-season local production is used for some products. They have their own farmers (no contracts but vocal agreements), however the quality is lower (shelf life shorter) since there is no cold chain
- Opportunities for the Dutch could be in off-season as well, although because of storage capacity these imported products are sourced via South Africa. Typical products could be grapes, apples, pears and stone fruits.

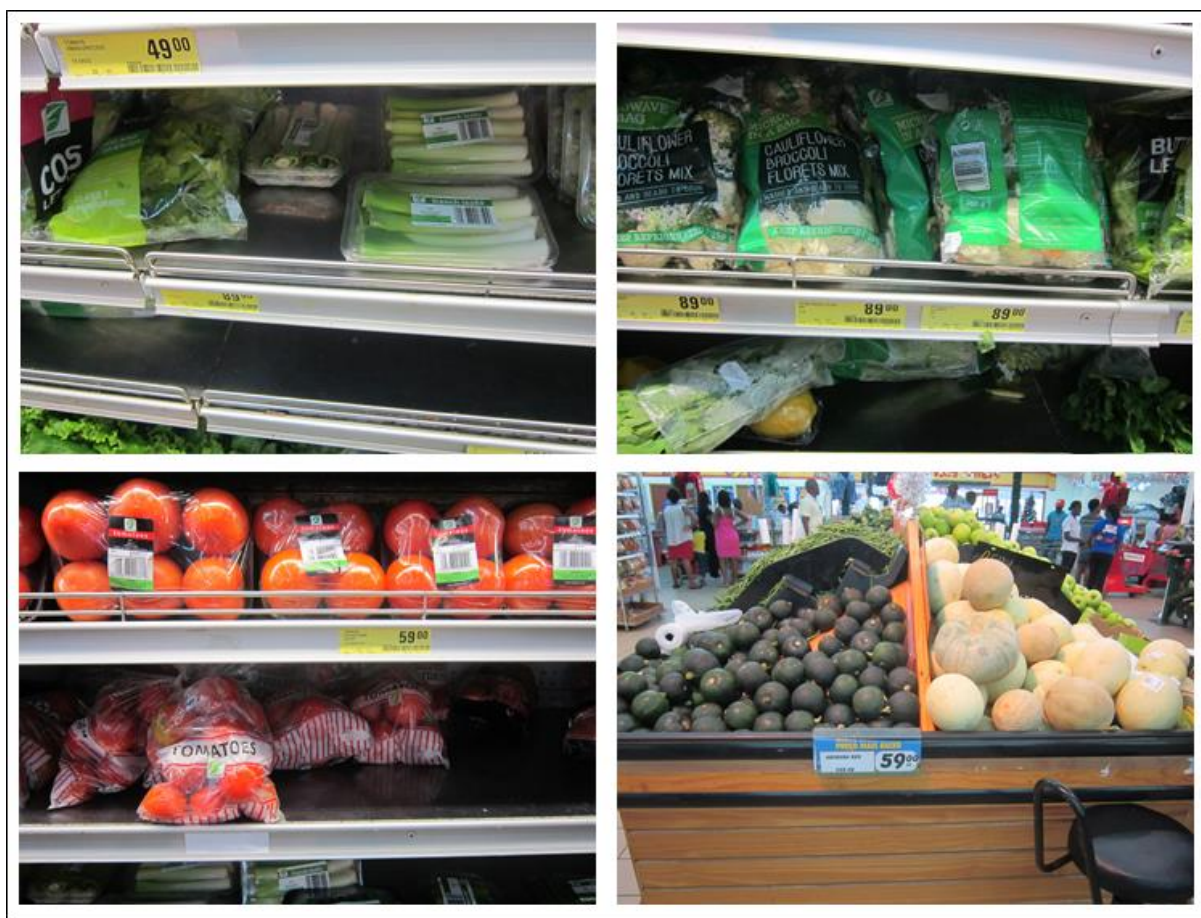


Figure 26: branded Freshmark and packed vegetables and some squash and melons

Assortment other:

- Frozen vegetables: Pot o'Gold, Mela from South Africa
- Chicken meat: Chicken Nacional (Mozambique), Rainbow (South Africa)
- Dairy: First Choice, Mimosa (South Africa), Danone (France), Parmalat (Italy, produced in factory in Mozambique) and some Portugues brands
- Processed and packed fish: Gelpeix and Riberalves (Portugal)

Spar

The SPAR Group Limited (SPAR) is primarily a South-Africa wholesaler and distributor of goods and services to independent retailers who trade under the SPAR brand like Superspar in Maputo. Hussein Ali Ahmad, Mozambican of Lebanese parentage, owner of Premier (kitchenware, plasticware, glassware and the other household requirements) and Spar Lowveld DC in Nelspruit agreed on the terms of a SuperSpar franchise for the store with the name Premier Superspar. This DC Spar Lowveld is serving Superspar and is located in South Africa, 180 km from Maputo.



Figure 27: Premier Superspar in Maputo

Superspar offers, in a building of over 15 000 m², a range of more than 70.000 active SKUs served by 32 till points. Between 600 and 700 containers are ordered per year. At the moment another shop of 8000 m² is built next to this Superspar. Other Spar shops in Mozambique are Ka de Terra in Matola and Interfranca also in Maputo. Interfranca sales were USD 784.313 in 2011 [43].

De customer segment between low and middle class is what Superspar is aiming for.

Assortment:

- Longlife milk is supplied 3 to 4 containers per week, but is an issue from logistic point of view since on arrival only 15 days keepability is left from 30 days at production
- People in Mozambique trust South African brands like Koo for canned fruits and vegetables, even if they are more expensive
- Slowmovers like cheese are ordered at Terramar, since only small quantities are needed; Dutch companies might enter here
- Sometimes international companies offer the same product for different prices per country, e.g Heinz including transport is cheaper than the price in South Africa

Price in the stores in the North is sometimes 20-30% higher. If products are imported from South Africa logistic costs are added. An example: a container is USD 50.000 to 60.000 and cooled transport is USD 2800 to 3000, then added value is 5-7%.

VIP

This retail brand has six shops¹⁶ of which three in Tete. One in Chimoio and two in Pemba. The format is small with respect to floor space. For Tete once a week a cooled truck is coming and delivers to all the 3 shops in Tete. The transport takes 3 days.

To illustrate the suggestion that in the North-West and North prices are much higher an example is taken from [33]. The VIP supermarket at Tete only sells unpacked Mondeal variety potatoes from South Africa at MT 50 per kg (i.e. 2.5 times the price of local potatoes sold at the Tete open market. Some tubers were discarded (rotten). A supermarket at Maputo (Shoprite) sells loose

¹⁶ This could not be validated, since background information was found on 4 only. Hence in the Appendix D only 4 are listed.

Mondeals from South Africa for 15 MT less than at Tete for MT 35 per kg. In 10 kg paper bags they sell at MT 29.90 per kg.

Assortment:

- F&V is sourced mainly from South Africa
- Meat and fish are sourced from Terramar
- Dairy is coming from SA and Maputo

ADC

ADC S.A. arises after the merger between Africom and Delta Trading. Today, ADC is the biggest privately held company in Mozambique. Currently the company operates in retail in at least eight outlets with the Extra Cash & Carry and Extra Supermarkets and FMCG brands Sasseka and Xirico.

There are more supermarket brands present in Mozambique like Pick n Pay and Game. They are big formats in other countries and their stores are big with respect to floor space, however in Mozambique they only run one shop.

The retail sales (only food) in the Netherlands in 2013 cover 52% of the total food sales and were USD 35 billion [45]. The number of supermarket outlets (not including importers/distributors) in Mozambique with more than 500 m² floor space is probably less than 20, which limits the current sales. New large retail outlets are not built that often, especially after the closing of Pick n Pay franchise retail last year. However, Spar is expanding and the opportunities in the North will contribute to retail development as well in these regions.

6.3 Catering and out of home

In addition to retail and importers/distributors an important share of the formal food market is served by catering companies. In the context of the formal market catering services supply two main sectors: mining and tourism. Both sectors are sourcing their food mainly via catering companies, which in their turn import most of it. For miners the personnel is essential, so caterers need to deliver high quality food and incorporate food safety control in their supply chains. In tourism, to attract foreigners, sector standards must be high including food. Hence, similar to the mining sector most food is imported.

One element of evaluating the attractiveness of a sector for export is the market size. A short view on the sector provides an estimate of people and amount of food involved.

6.3.1 Catering the mines

Together with the vast population growth the mining sector contributes to the expected boost of the country. Not only the direct revenues, but also employment for the sector itself and the services related to this business have a major positive impact on the country's economy. The main activities in the mineral sector are described in Table 17.

Mineral	Major operating companies and major equity owners	Location of mine	Annual capacity (tons)
Coal	Vale S.A.	Moatize Mine near Tete	11.000.000
Coal	Jindal Steel & Power Ltd	Changara Mine in Tete Province	3.000.000
Coal	ICVL (was Rio Tinto plc, 65%, and Tata Steel Ltd., 35%)	Benga Mine near Tete	2.400.000
Titanium	Kenmare resources plc	Moma mine in Nampula province	800.000
mineral	Major operating companies and major equity owners	Location of gas field	annual production (m ³)
natural gas	Sasol	Pande and Temane gasfields	3.440.000.000
natural gas	Anadarko Petroleum	Rovuma bassin near Pemba	4.810.000.000

Table 17: major operators on mineral resources Mozambique

Opportunities are there, however the financial situation of the country makes the country dependent on foreign investment and adequate governmental management of Mozambican mineral resources is needed to retrieve the revenues that are expected by the people.



Figure 28: Anadarko, natural gas flow test in North of Mozambican territorial waters (source: <http://gcaptain.com/mozambique-natural-gas-bonanza-hinges-state-finishing-lng-laws/>)

People working in this sector and sometimes workers from related activities get their meals from catering services companies. Caterers are contracted by the mining operators to guarantee year-round supply. On average a new tender for the contract is biannual. To get insight in the size of this food business a small analysis is carried out.

Case 1: Benga mine near Tete

The Benga coal project, until late 2014 operated by Rio Tinto, is situated within the Lower Zambezi coal basin, at the junction of the Revubue and Zambezi rivers. In October 2014, Rio

Tinto Coal Mozambique (RTCM) sold its assets in the Benga coal mine and other projects in Tete province to International Coal Ventures Private Limited (ICVL). In May 2014, RTCM directly employed about 330 people in total (273 Mozambicans, 57 foreigners). Altogether, including the contractors to the operator about 1000 people worked in or around the mine. International Facilities Services (IFS) prepares the meals consumed at the operations in Tete. They provided breakfast, lunch and dinner to between 40 and 45 workers who were resident in camps. In addition to this, about 250 employees were provided with lunch on a continuous basis. A total number of 540 meals per day were catered daily. For fresh food the required volumes in 2014 are given in Table 18 [45].

Supplier	Food purchased for Benga mine	Quantity av./month	Purchase value per month (USD)
Masvic Lda	vegetables (onions, peppers, carrots, potatoes, butternut, lettuce, other)	1.112 kg	3.142
uta e Vegetais da Terra Lda	vegetables (tomatoes, cabbage, cucumber, green beans, other)	2.063 kg	4.028
Fruta de Ouro Lda	fruit (apples, bananas, oranges, nectarines, other)	1.803 kg	3.050
Fazenda Mizimu	vegetables (tomatoes, lettuce, green paper, carrots)	40.5 kg	77
Warehouse	eggs	2.000 eggs	340
Tio Peixe Lda	chicken	865 kg	3.120
Total			13.757

Table 18: purchase value and volume of fresh food for Benga mine in 2014

One of the suppliers, Fazenda Mizimu, is an entirely 'local' local supplier. The other companies, although all Tete-based, supply a range of regionally and nationally sourced fresh food.

Case 2: Vale mine near Tete

Vale employs 3500 workers at two sites. They are supplied with breakfast, lunch, snack and dinner, either in restaurant or by take-away bags. Two catering companies serve Vale: IFS and Servco. IFS serves the mine closest to Tete city and serves 1600 lunches in the restaurant added to it 250 take-aways daily, seven days a week. This one mine near Tete city needs 1 t of potato per week so the total amount of all mines is over 5 tons of potatoes weekly. IFS is supplied by a single company in Chimoio that buys its stocks of meat, fish, vegetables, fruits and potato from producers in Mozambique and mainly from South Africa.



Table 19: kitchen of caterer IFS at Vale Mine in Tete

Vale mine statistics per month (source: project related to [33]):

- 14 tons of beef from Chimoio (Mozbife)
- 40 tons of vegetables (mainly Vanduzi / Mozfoods)
- 200 tons of potatoes (one Vale mine, produced in South Africa)
- 7.5 tons of fish

The Vale mine is now connected by rail to Nacala and new jobs are created in this industrial zone to create a new port terminal for exporting coal. In 2014 the French company CIS signed a contract with Vale to provide the services for 3.500 to 5.500 people daily at Nacala [28]

The huge gas field in the North will create demand for the catering sector, an estimated 30.000 people, will need three daily meals [20]. To exploit this potential infrastructure needs to be upgraded. The connectivity between the North and the rest of the country is very much affected by climate conditions and supply is very insecure during raining season. It will take a few years before on the one hand the gas production will start and on the other hand infrastructure is in place to serve these companies. If infrastructural development will lag behind there is a risk that business will shift to Malawi or Tanzania.

6.3.2 Tourism - hotels - restaurants

In Mozambique there are no large scale hotel or restaurant chains and hence most of the high-end facilities in this sector mainly depend on food distributors/importers. Low scale import is too expensive and local supply is irregular in volume and quality. But even then many hotels and independently owned local restaurants usually have to keep large inventories of food and beverages because of the limited number of reliable local suppliers, coupled with high variability of import processing time. It takes between 5-18.5 days to clear goods from ports in Mozambique. Similarly, the process for clearing trucks arriving in Maputo from South Africa takes 5-7 days. Some lodges report keeping 10-days' worth of inventory levels for perishable food items. In comparison, restaurants in North America would typically hold inventories of perishable food items of no more than 3-4 days. A high inventory level of perishables is risky because any breakdown in power supply and failure of freezers or refrigeration equipment can result in significant losses. Such high inventory ties down working capital, and involves high costs

for storage space and equipment. These costs will become exacerbated when the demand situation improves and hotels have to cater for a larger number of tourists. Also many hotels source products by way of retail distribution and not wholesale, which further increase costs.

Province	2007	2008	2009	2010
Maputo City	287431	294698	274832	321041
Sofala	26632	33686	43557	41864
Cabo Delgado	23208	27392	23643	22179
Zambezia	23756	23894	23665	21857
Tete	16672	21726	22332	21798
Inhambane	27345	23749	23121	21671
Gaza	17832	19156	17902	16768
Manica	10213	13155	12185	15548
Niassa	14957	14265	15261	14576
Maputo Province	14883	17961	14255	13211
Nampula	11436	12474	11802	11701
TOTAL	474365	502156	482555	522214

Table 20: total guests (domestic and foreign) by province [41]

As a reference, in Johannesburg and Amsterdam, the annual number of tourists is 4.3 million and 7.23 million respectively [48]. The average length of stay in Mozambique in 2003 was 2.1 nights [49] in which case the tourists account for 3000 urban consumers¹⁷.

Not much is known from the restaurant sector. There are many quick service chicken and chips restaurant, but no international food chains. Only in Xai-Xai there is one KFC.

6.3.3 Main caterers

The main players in the catering market are IFS, Servco, Fedics and SMS catering

IFS

Started in 2000, International Facilities Services (IFS) forms part of the Independent Services Group of companies, which provide catering and related services to a wide range of industries and public institutions, with particular focus on Remote Site Solutions. Catering services in Mozambique are focused on mining, no hotels or restaurants. IFS Mozambique is active in Tete, Moma and Maputo and serves

- 2500 breakfasts
- 3900 lunches
- 2000 dinners a day

Sourcing is mainly from South Africa because of the price. Transport takes long because the road quality is bad. Maputo – Tete is 2.5 days, and South Africa – Moma (North coast) is even 14 days

¹⁷ $(2.1/365)*522214 \approx 3000$

(4 days at the border). Logistics is key to doing business in the mining sector, but it also increases the cost price. Cold chain logistics is necessary to guarantee food safety and storage to overcome the cyclone season (Nov-Feb) in the North. The warehouse in Tete has 3 months inventory and reduces the number of transportations.

Assortment sourcing:

- Fish and meat from Tio Peixe
- Poultry from Brazil and South Africa
- Fresh fruits and vegetables Chimoio (Vanduzi/Mozfood) and Zimbabwe
- Some fruits are imported, only bananas are locally produced (which is a plus in selling)

Assortment selling best:

- | | |
|---------------------------|-----------|
| • Chicken (halal) | • Beans |
| • Rice | • Apples |
| • Fish (carapau, tilapia) | • Bananas |

Servco

Servco is part of the South African Tsebo Outsourcing Group and provides trade and industrial outsourcing needs, specifically the supply of camp management, catering and hospitality services. Servco Catering is the leading registered catering company in Mozambique, with a staff complement of more than 900 and it provides outsourcing services to 24 companies in Mozambique. They have a service of 22.000 meals a day for its clients in Mozambique [47].

Fedics

Fedics Site Services is one of the leading sub-Saharan African suppliers of turnkey operational support for remote construction camp management and site catering. It is also a member of the Tsebo Outsourcing Group.

Remark: although not being a large sector in Mozambique the airline industry in Mozambique is catered by a company noted as number 8 in the KPMG top 100 companies of Mozambique in 2009: SMS catering, located at Alameda Airport in Maputo [50]. Besides the airport they provide food for functions, management of staff canteen facilities. Their revenues in 2009 were USD 3.5 million. In the KPMG top 100 in 2010, they were absent [51].

6.4 Processing

In Mozambique there is low overall processing capacity, and the sector is characterized by few factories of average or large production. With regard to postharvest processing and value addition in agriculture in Mozambique, investments are weak. As is common with many developing countries of the world, most of the processing of agricultural products is done within the household, processing grain and other raw produce into food. However, investment in food processing industries is being made to serve the growing urban population of the country,

particularly in the industrial milling of maize. Intensive poultry producers also constitute a growing source of demand for processed maize.

The major products are beer, sugar, processed cashew nuts, carbonated soft drinks, tea, frozen shrimps, maize meal, wheat flour, cooking oil and bread. Beverage production accounts for about half of the total sales revenue of the sector [52].

Main companies in Food processing [52]:

Companhia Industrial Da Matola (CIM)

CIM is the largest food processing company in Mozambique. It employs 750 people and has an annual turnover of about US\$42 million. The product range includes wheat flour, maize meal, pasta, biscuits and animal feed. CIM's animal feed subsidiary, CIM Feeds, is also active in broiler and egg production. In eggs, it holds a management contract with the Galvados group, which produces 42 million eggs a year. In broilers, CIM produces 25,000 birds a year.

Mozfoods

Mozfoods SA is a group comprising Companhia de Vanduzi SA (based in Manica) and Moçfer Industrias Alimentares SA (MIA) and Mozseeds (both of which are located in Chokwe). The company employs 2,200 workers, 900 of which are permanent employees. Some 700 of the permanent employees are employed by Companhia de Vanduzi. The turnover in the agricultural season in the financial year 2009/10 was US\$10.2 million and production more than 8000 tons. The company produces and markets rice, baby corn, chilli peppers (piri piri), green beans, peas, sweet pea beans, okra, sweetcorn, passion fruit, courgettes, pattypan, cucumbers, lettuces, cabbage, tomatoes, cauliflower and carrots. About 85% of production is exported.

Parmalat

Parmalat has 120 workers, and its sales revenue in 2011 was approximately US\$13 million. The company produces milk, flavoured milk, yoghurt, Gouda type cheese and melted butter, all under the Parmalat brand. Milk is sourced locally and is delivered to the factory, at low temperature, within six hours of milking. The company also imports processed and packaged milk, as well as nectars, from South Africa. It also produces fruit juices under the Santal brand, including tropical fruit, orange and mango.

Other processors are below a turnover of USD 10 million per year. Some are well known: Albion Antunes in the poultry business, around USD 2.4 million [53] and Grupo Mardal SARL is processing coconuts with a turnover of USD 3.8 million.

7 Opportunities for Dutch exports

The Dutch have been and still are international food traders and can be found all over the world, including Mozambique. Mozambique is an emerging economy with high GDP growth rates, however still low in the GDP world ranking. The formal food market is increasing its share creating potential for exporting countries like the Netherlands. From section 3.4 is known that 90% of the Dutch exporters are concentrated milk and alcoholic beverages. At the moment the import share of food products in this formal market is estimated by interviewees at 90%, mainly South Africa, which is close and people trust their brands. The economic growth in the Centre and the North will deduct the focus of Maputo and launch opportunities for other countries by entering the country in Nacala and Beira.

In addition to direct exports many opportunities are there for local investment in agribusiness and food supply chains. However these topics were not the focus of this research.

From field visits to the main companies in the formal food sector some insight is gained in the kind of products that are imported from the Netherlands or from Dutch companies. Some products, like the ones in Figure 29, are produced by a Dutch company (Unilever), but not in the Netherlands. In fact the interviewees tell us that international companies have different prices per country and negotiating about the same products in various countries is worthwhile.



Figure 29: Unilever products in Mozambique

Similar to Dutch wholesalers there is a consumer price and a traders price for the products. Another product 'Hero baby fruit' seemed to be produced in Spain. The cheese and hotdogs from Figure 16 were produced in the Netherlands. The Dutch products were all found by the

author of this report at importers/distributors. Shoprite or Spar are dominated by South African and Portuguese brands and no Dutch products could be found¹⁸.

Similar to what is found in Angola, importers/distributors often set up purchasing offices in Lebanon, Europe, Asia or Brazil [54]. The paper work and payments go to these offices and the container is sent to Mozambique. Procurement and negotiation of exclusivity agreements with suppliers is done from outside Mozambique. There are various reasons for setting up purchase offices abroad. A purchase office abroad gives access to a mature banking system, can create confidence with the supplier, and can be more centrally located.

The Dutch companies are very reliable to Mozambican companies and have very high standards. They are famous for dairy and larger retailers, importers and distributors are open for meetings with Dutch suppliers. The image of Dutch products however is 'overpriced'. The quality (and hence the price) is adequate for Dutch standards but is not appropriate for Mozambique mass market and for sure no bulk products. The uniqueness of the product in some sense (e.g. taste) is the main selling point.

One of the main issues for all interviewees during this study was shelf life. The main drivers behind this preference are the lead time, the distance to the North and the climate conditions in relation to the infrastructure. Warehouses are crucial to be logistically responsive, since the lead time for imports is high due to paper work and formalities. Many days of the shelf life are lost in the supply part of the food chain. Secondly, many products are sourced from South Africa and the North (and places like Tete in the Centre in some sense too) are far away in time because of bad road infrastructure. The third reason is the cyclone season from November to February. Heavy rain and again bad roads make regions inaccessible, implying a stock need of two or three months.

Opportunities are present for UHT milk and desserts, cheese and canned or dried food. Milk varies a lot in price and reaches USD 2 per liter sometimes. Cheese was also mentioned as one of the categories with increasing demand together with beef and fish. With respect to fish the introduction of cold sea fish (like salmon) is considered as an option by one of the interviewees.

The price level is crucial for big retailers and the most relevant selection criterion. A non-scientific website where food prices can be found is [55]. Although not scientific nor complete the data gives some insight in the price levels of some main products:

¹⁸ Based on half an hour visit per shop.

	dec-14	nov-13	aug-13	sep-14	sep-14
Product	Maputo	Tete	Nampula	Beira	Chimoio
Milk (regular), (1 liter)	57	60	85	69	62
Loaf of Fresh White Bread (500g)	30	33	85	49	-
Rice (white), (1kg)	54	70	47	85	-
Eggs (12)	65	63	80	64	72
Local Cheese (1kg)	80	350	119	204	-
Chicken Breasts (Boneless, Skinless), (1kg)	55	198	170	238	-
Apples (1kg)	96	95	100	119	80
Oranges (1kg)	62	65	45	34	50
Tomato (1kg)	44	35	51	68	-
Potato (1kg)	42	70	48	51	-
Lettuce (1 head)	35	63	34	-	-

Table 21: retail prices in MZN from various cities in Mozambique in various moments in time

In august 2013 one liter of regular milk in Nampula was 85 MZN, which is more than € 2,-. In general Maputo has lower prices than other cities, which partly may be explained by logistic added value for transport.

The opportunities in the North and Centre seem more prosperous than via or to Maputo in the South. Prices are higher and the forecast of market growth because of the minerals is very promising. And despite the fact that the formal retail market in the North is still underdeveloped, there are opportunities with importers/distributors that serve the caterers of the mining or/and gas operators, preferably with importers/distributors operating through the ports of Beira and/or Nacala.

8 Conclusions

In Mozambique the food market still is dominated by informal trade, domestic as well as international with neighbouring countries. The formal food market, which is relevant for potential Dutch exports, is relatively small and concentrated on processors, importers / distributors, retailers and the out of home sector (catering, restaurant, hotel). Although some successful production enterprises are present in Mozambique most of the formal trade is imported.

Answers to the three subgoals of the study:

- The main actors in the formal market are:
 - *Importer/ distributor*: Terramar, Procongel, Mega cash & carry, Tropigalia, Recheio cash & carry, Jumbo cash & carry, CB Farm Fresh, Gania Comercial, Tio Peixe and Blue
 - *Retailer*: Shoprite, (Super)spar, VIP, ADC (Extra), Pick n Pay, Game
 - *Catering*: IFS, Servco and Fedics

- Import practices with respect to regulatory and logistic issues:

Mozambique ranks 129 in the World Bank listing on ‘trading across borders’, which is due mainly to the throughput time. The process of exporting food to Mozambique depends on the food category. A few products (more details in section 3.4.1), like frozen poultry meat, require a pre-shipment inspection in the country of origin. The inspection is carried out by the international organization Intertek and requires some extra paper work and throughput time. The general flow of food imports was streamlined by Mozambique by introduction of the DUC (Documento Unico Certificado). This is one document containing all necessary information for all stakeholders involved in the import process. From there processes are regular, like cargo handling, inspection of payment (including duties and VAT). Another improvement is the electronic single-window system JUE (Janela Única Electrónica) that enables customs to check everything more easily. Regular food products take 3 to 4 days on average to enter the country.

Tariffs to import in Mozambique are mainly 20% of sales value, except for SADC countries. These countries pay 0% in most cases, sometimes more, up to 15% for South Africa and 10% for other SADC countries. Hence these countries have a competitive advantage with respect to duties as well as distance-to-market (throughput time, logistic costs).

- Doing business in Mozambique

The results of the election in November 2014 continued the stable political situation in the country and the forecasted annual growth of GDP by 8%. The economic development takes place in the Centre and North where mining and gas production provide direct jobs, but also boosts supporting sectors, including catering. The government pointed out these regions for

infrastructural investment, focused on logistic hubs like ports and airports. In addition allowances are granted for railway investments like the Moatize - Nacala trace for coal export. Road infrastructure remains a bottle neck, since the North – South connectivity is not facilitated by main roads and in the North regions can become inaccessible during the cyclone season.

As in many countries relationships are crucial with respect to legal aspects, red tape, banking, etc. Time investment is necessary to get to know the people you need, which process can be accelerated by speaking Portuguese. However, depending on the size of the business and the company's ambition, one could restrict to contact with importers and just send containers.

Opportunities for Dutch exports:

A very large part of the formal market is sourced outside Mozambique, leading to opportunities for Dutch export. Due to price competitiveness, where SADC have a competitive advantage, products produced in the Netherlands cannot enter the formal food market easily. In addition there are historical and lingual ties with Portugal and Brazil. As a consequence South Africa, Portugal and Brazil cover almost all food supplies to the main players in the formal market.

Dutch companies are welcome to discuss offers with all main stakeholders in the formal market. Uniqueness or increasing demand are the selling points. Typically in dairy Dutch companies may profit from the image of the Netherlands in this sector. Cheese is scarce and milk sometimes expensive (USD 2 per liter). The best opportunity in general is in products with long shelf life. High logistic costs, long lead times and isolation of region by natural causes are reasons to apply warehousing in all parts in the country with in the Centre and North stock sizes of 2 to 3 months. Although dairy products were required in most cases, other products like canned or dried food products have potential as well. Products like fish might have potential too (see also [33]) Because of price the competitiveness of Dutch products in the South of Mozambique is lower than in the rest of Mozambique. Best option is to contact stakeholders with business and warehouses in the Centre and North. Since retail formats are underdeveloped in these regions importers / distributors are companies to access.

The general conclusion is that Dutch exporters have some opportunities but not many, due to on the one hand the competitive position with respect to price (logistic costs and duties) and on the other hand the low level of maturity, quality and size of the retail market. Best outlook is for dairy products like desserts with long shelf life and cheese. Other products either have to be price competitive and/or excellent in shelf life.

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Abbreviations

BCI:	Business Confidence Index
EBA:	Everything But Arms
EPA:	Economic Partnership Agreement
CIF:	Cost, Insurance and Freight
DUC:	Documento Unico Certificado
FAOSTAT:	Food and Agriculture Organization Statistics
FDI:	Foreign Direct Investment
FOB:	Free On Board
GDP:	Gross Domestic Product
HS:	Harmonized System
ICE:	Imposto sobre Consumos Específicos
JUE:	Janela Única Electrónica (Single Electronic Window)
KFC:	Kentucky Fried Chicken
LDC:	Least Developed Countries
MZN:	Mozambican Metical
OOH:	Out of home
OSBP:	One-stop border post
PAF:	Pre-Advice Form
PEDSA:	Plano Estratégico para o Desenvolvimento do Sector Agrario (Strategic plan for agricultural development)
PSI:	Pre-Shipment Inspection
RFI:	Request For Information
SADC:	South African Developing Community
SEZ:	Special Economic Zone
VAT:	Value Added Tax

Appendix A Contribution to GDP in Mozambique by sector

Activity branches	2013 (MT)	2013 (USD)	% of GDP
Agriculture, Livestock, Hunting, Forestry and Fishing	127.720	4.294	27,1%
Trade, repair of motor vehicles	49.888	1.677	10,6%
Manufacturing	47.843	1.608	10,2%
Property Activities, Leasing and Services Business	32.654	1.098	6,9%
Transport, Storage and Communications	28.508	958	6,1%
education	28.210	948	6,0%
Financial activities	22.415	754	4,8%
Public administration, defense and social security Compulsory	21.494	723	4,6%
Extractive Industries (minerals, gas and oil)	15.405	518	3,3%
Information and Communication	15.104	508	3,2%
Production and distribution of Electricity and Gas	14.245	479	3,0%
building	13.215	444	2,8%
Lodging, Restaurants and Similar	12.438	418	2,6%
Health and social work	7.019	236	1,5%
Other community activities, Social and Personal	3.511	118	0,7%
Collection, Treatment and Water Distribution	855	29	0,2%
FISIM	-11.241	-378	-2,4%
Total value added, basic prices	429.285	14.432	91,2%
Taxes on Products	41.187	1.385	8,8%
Gross Domestic Product	470.472	15.817	100,0%

Table 22: Values of GDP at current prices (10⁶ MT, 10⁶ MT USD)

Source: <http://www.ine.gov.mz/estatisticas/estatisticas-economicas/contas-nacionais/anuais-1/anuais/pib-valores-do-produto-interno-bruto-a-precos-correntes-106-mt.xls/view>

Appendix B To Mozambique import share agriculture main countries

Import Mozambique (value)	World	Brazil	Netherlands	Portugal	SA	Spain
live animals	100%	0%	0%	0%	70%	0%
meat	100%	45%	0%	3%	33%	0%
fish	100%	0%	0%	2%	19%	1%
dairy	100%	2%	13%	6%	61%	0%
animal products	100%	0%	0%	0%	60%	0%
ornamental	100%	0%	0%	0%	91%	0%
vegetables	100%	0%	1%	2%	84%	0%
fruits	100%	0%	0%	3%	93%	0%
coffee, tea, spices	100%	1%	0%	33%	57%	0%

Table 23: import contribution to Mozambique in value for some food categories (main countries)

Source: UNCOMTRADE

Appendix C Infrastructure maps

Road infrastructure



Source:

<http://dlca.logcluster.org/display/public/DLCA/2.3+Mozambique+Road+Assessment;sessionid=A75DE6DCDE836CECDC74C6D4BDABB476>

Railway infrastructure



Source:

<http://dlca.logcluster.org/display/public/DLCA/2.4+Mozambique+Railway+Assessment>

Airport network:



Source: <http://dlca.logcluster.org/display/public/DLCA/2.2+Mozambique+Aviation>

Appendix D Retail shops in Mozambique

Retailer	Address	City
Shoprite	Avenida Samora Machel	Beira
Supermercado Real da Beira	Chaimite	Beira
Terramar	Chaimite	Beira
Supermercado da Baixa Lda	Gen R Machado Chaimite 140	Beira
Shoprite		Boane
Shoprite		Chimoio
SUPERMERCADO MAR AZUL LDA	25 Setembro Ave	Chimoio
SUPERMERCADO MUSSA		Chimoio
Supermercado VIP	R. dos Operarios	Chimoio
Rechi	Dr R Américo Boavida	Chimoio
ADC		Chókwè
Shoprite		Dondo
Wang Rong International Trading Lda		Inhambane
Socin Lda	Av Julius Nyerere	Lichinga
Shoprite		Macia
Supermercado de Mafambisse		Mafambisse
Shoprite		Manhica
Manica Butchery (retail outlet)	Vila De Manica, Estrada Nacional EN6	Manica
Shoprite	Avenida Da Marginal 9519	Maputo
Woolworths	Avenida da Marginal	Maputo
Interfranca	Av 24 De Julho	Maputo
Abha Vali Mahomed	Av Filipe S Magaia 201	Maputo
Pick 'n Pay	Avenida de Angola, 1741	Maputo
ADC	Av De angola	Maputo
Game	Avenida da Marginal 15/5	Maputo
Shoprite	Praça da Paz	Maputo
Terramar	R. Rainha Santa, 114	Maputo
Premier Group Mica, Superspar	Av. Acordos de Lusaka, 242	Maputo
Deli968	Av. Julius Nyerere, 968 - Polana-Cimento	Maputo
Deli-cious	Av Julius Nyerere 410	Maputo
Hiper Maputo	praca dos combatentes	Maputo
Horizon Ivato Supermarket Lda	Transporte Carlos Olvero	Maputo
Supermercado Maxi Lda	Av.Vladimir Lenine 1460	Maputo
Supermercado Alba Lda	Av.Vladimir Lenine 2292	Maputo
Supermercado Royal Group	Av Base N°Tchinga	Maputo
Supermercado Chunilal Gandá	R Notícias 25	Maputo
Supermercado Mercearia July	Av Karl Marx 1616	Maputo
Supermercado Al-Houda Lda	Av Vladimir Lenine 2803	Maputo
Supermercado Hyper Coop Lda	Av Mohamed S Barre 988	Maputo
Supermercado Marés Lda	Av Marginal 807/2/808/3	Maputo

Supermercado Polana	Av Julius Nyerere 410	Maputo
Catedrático Lda	Av Guerra Popular	Maputo
Pingo Doce	Av 24 Julho	Maputo
Vosso Supermercado Lda,O		Maputo
Propco Moçambique Lda	Praça da Paz	Maputo
ADC	Av Trabalho 1107	Maputo
Recheio Cash e Carry Lda	R Gago Coutinho 594	Maputo
Hyper Market Moçambique Lda	Av 24 Julho	Maputo
Retail Masters	Av Angola 1745	Maputo
Mercearia N J S Pick & Pay	Av Josina Machel	Maputo
Ka de Terra	Parque Dos Poetas	Matola
Shopleft		Matola
Moatize		Moatize
Casa China		Mocimboa da Praia
Recheio Cash e Carry Lda		Nacala
Terramar		Nacala
Shopleft	Rua Dos Continuadores	Nampula
Mercado Ideal	Av Eduardo Mondlane 326	Nampula
Recheio Cash e Carry Lda	Av 25 Setembro 48	Nampula
Recheio Cash e Carry Lda	Av Trabalho 3250	Nampula
ADC	Av Trabalho 3250	Nampula
Nampula	No 92, Avenida do Trabalho	Nampula
Mercado Índico	Av 25 Setembro	Pemba
ADC	Av 25 Setembro	Pemba
Casa das Frutas Lda	29 R Resistência	Quelimane
Supermercado N°1		Quelimane
ADC		Quelimane
Supermercado VIP	AV. JULIUS NYERERE	Tete
Supermercado VIP	CHINGODZI	Tete
Supermercado VIP	av 25 de junho	Tete
Hypermercado Estrela	Matundo	Tete
Hypermercado Royal	Av Julius Nyerere	Tete
ADC	av 25 de junho	Tete
SOCOTE - Sociedade Comercial de Tete	Av Kenneth Kaunda	Tete
Supermercado HCB		Tete
ADC		Vilanculos
Taurus Distribuidor Lda		Vilanculos
Global Comercial Lda		Vilanculos
Shopleft	Rua Travessa Do Zambeze	Xai-Xai
Falcon	Av Samora Machel	Xai-Xai
Shopleft	Av Samora Machel	Xai-Xai

Table 24: retail shops (source <http://www.paginasamarelas.co.mz/>)

Appendix E Contacts wholesale, import, distribution, retail

W = wholesaler, I = importer, D = distributor, R = retailer; source: [45]

Name	W	I	D	R	City	Telephone (country code +258)	E-mail	remark/contact
A & L Enterprises	x	x			Matola	21721143	sampaiofms@gmail.com	Carlos Sampaio, Laquitigo Vilanculos
África Comercial & Irmãos Lda	x	x			Nampula	26214149	afriacomericial@tdm.co.mz	Latifo Ismael 823049470
Africom	x	x			Maputo	21400501,21401370	fpallasena@sasseka.com	Import rice and wheat grain
Atlântico Comercial Lda warehouse	x	x			Maputo	21324137,21430708	atlanticobodhania@gmail.com	
Blue/Mercado Ideal warehouse	x	x			Nampula	2621867328212007	mercadoideal@itservices.co.mz	
Atlantindico	x	x			Nacala Porto	821995497	pedro.macedopinto@atlantindico.co.mz	Pedro Macedo Pinto
Best Catering International	x	x			Maputo	21308149	kaizenmz@yahoo.com	Constantinos Pantazopoulos
Cicloti Lda	x	x			Machava	21750045	aquiamba@cicloti.co.mz	Armando Guimba.
Comércio e Investimentos, Lda	x	x			Maputo	21492481,844440555	raul.sadasivan@com-investwweadle.com	Raul Sadasivan or Tasnim Jassat
Companhia Industrial da Matola	x	x			Matola A	21720086	luis.aveleira@cim.co.mz	Grain wheat and corn grain
Delicious		x			Maputo	823175930	delicious@tvcabo.co.mz	Cristina Tzitzivacos
Delta Trading & Cª Lda	x	x			Maputo	21428940	delta@delta.co.mzameen.hassamo@delta.co.mz	Contact: Ameen Hassamo (rice, among other food)
Dincore-Comércio de Produtos Alimentares Lda	x	x			Maputo	21306792,823047490	dincore.com@tdm.co.mznelifa.sacat e@dincore.co.mz	José Tavares (Only rice)
Distrimoz	x	x			Matola	21724008,824776663	david.cordeiro@finaque.co.mzeduardo.veloso@finaque.co.mz	Eng. Eduardo Veloso (Commercial Director) (cold meals, traditional dairy and grocery stores)
Fermor-Participações e Investimentos, Lda		x			Maputo	21305232823829910	amadeuferrera@ramz@gmail.comfermor_partinvest@yahoo.com	Amadeu Ferreira (843981916) also articles "baby care"
Fontes Lda/Peixeefrutas	x	x			Maputo	21465246,843366633	peixeefrutas@gmail.com; zaher@dhaini.com	Zaher Dhaini (only chickens and horse mackerel)
Game Discount World Mozambique Lda		x			Maputo	21453000/1	amapd@game.co.za	Ana Paula Florentino
Gani Comercial Lda	x	x			Nampula	26214232,26215240	ganicomercial@yahoo.comcomqani@aol.co.mz	Mahomed Inusse (826012400)
Gelmar	x	x			Beira	23244473	gelmar@tdm.co.mz	Claudia Noble
Gradual Comércio Importações Lda		x			Maputo	823254350	correialves@tvcabo.co.mz	Fernando Correia Alves (milk, yogurt, food for dogs and cats)
Grupo Gulamo	x	x			Nampula	26215937/8/9	arif@teledata.mz	
Hiper Maputo (Grupo MBS)		x			Maputo	21329188	mbs@tvcabo.co.mz_maputoshopping@gmail.com	Mahomed Salim (828887440)
Líder Lda/Mahomed & Companhia Lda	x	x			Maputo	21313959	lmv@grupomahomed.co.mz	/ Imran Hussein
Kitoko Trading	x	x			Tete	843376670	kitoko.trading@gmail.com	Renato Ferreira
Mafe-Alimentar Lda	x	x			Maputo	823244380	mafe@intra.co.mz	Fernando Guedes
Marin Trading Lda	x	x			Maputo	21466429/30 82309226	marintrading@tvcabo.co.mz	Contact: Faruk Bica
MCD-Marulo Comércio e Distribuição		x			Maputo	21404091	marulo@tdm.co.mz_office@marulo.co.mz	
MDS - Moçambique, Distribuição e Serviços		x			Maputo	21-314999	mdservice@tvcabo.co.mz	Walter Lehener / Milk and milk products: yogurth and cheese
Mega Distribuição de Moçambique Lda	x	x			Maputo	21400014,21400202	josefermandes.mega@tdm.co.mz	José Pedro Fernandes
Mini Preço Lda / Restaurante Taverna		x			Maputo	844445550/1	restaurante.taverna.moz@gmail.com	Nuno Pestana (entrepreneur in the catering / pastry, it is for personal use)
Mirage, Lda.	x	x			Maputo	21462680	comercial@mirage.co.mz	Muta Mirage / grocery stores, coffee shops, juice and espiptuosas drinks, canned food
Moçambique Terramar Trading	x	x			Maputo	21401482,823033517	terramarida@tvcabo.co.mzterramar@tvcabo.co.mz	Antonio Diogo 823169810
Mosimport Lda	x	x			Maputo	21300611	jorge.costa@mosimport.co.mz	Jorge Costa 843048600
Osman Ebrahim & Cª	x	x			Beira	23232360	brahim.sacur@sabo.pt	Ebrahim Sacur
Pick & Pay		x			Maputo	21340300	cvaneeden@nnp.co.mz	Dir Operations: Cliff van Eden

Name	W	I	D	R	City	Telephone (country code +258)	E-mail	remark/contact
Prapesca	x	x	x		Beira	21759250/3	prapesca@tdm.co.mz	António Guimarães
Premier Super Spar	x	x	x		Maputo	21419574	ali@premiergrouplda.com	Ali Khalif
Procongel Lda	x	x	x		Maputo	21417295, 21414083	procongel@tvocabo.co.mzanton@procongelmoz.com	Anton Grobler Diaan Grobler
Propco Lda (Shoprite)	x	x	x		Maputo	21477657, 21477149	jgoncalves@shoprite.co.za fperreira@shoprite.co.za	João Gonçalves / 21-415018 (purchases and sales) Francisco Pereira / 21-
Recheio Cash & Carry Lda	x	x	x		Maputo	21462178	self@recheiocc.co.mz	Rizwan Adatia
Social-Sociedade de Distribuição Alimentar Lda	x	x	x		Maputo		social@tdm.co.mz	Augusto Reis
Sodli	x	x	x		Maputo	21467924/5	mcb.sodli@tdm.co.mz	Manuel Castelo Branco
supermarket LM	x	x	x		Maputo	21431289 (esc), 21428	delicious@tvocabo.co.mz	
Sopropé Lda	x	x	x		Maputo	2130 3737	sopropé@tvocabo.co.mzanimak25@gmail.com	Firoz Mussa 823042640
Tropigalia Lda	x	x	x		Maputo	21469215/6/7, 8231356	tropigalia@tropigalia.co.mz	Adolfo Correia
Unibasma	x	x	x		Maputo	21460117, 82-3193780	unibasma@hotmail.com	Talal Basma
Uniconfiança	x	x	x		Beira	23320222	utbeira@tdm.co.mz	Abdul Gani 843012120 Mussa Gani 843307420
Woolworths Moçambique, Lda. (supermarket Luz e Woolworth - Marés e Shoprite)	x	x	x		Maputo	21451142	StoreMqrLuzMB@woolworths.co.za	Mário dos Santos Rocha
Game Discout World Mozambique Lda	x	x	x		Maputo	214530 00	annadi@qame.co.za	Ana Paula Florentino
Hiper Maputo (Grupo MBS)	x	x	x		Maputo	21329188	mbs@tvocabo.co.mz, maputoshopping@gmail.com	Mahomed Salim (828887440)
Gani Comercial Lda	x	x	x		Nampula	26214232, 26215240	ganicomercial@yahoo.comgani@aqt.co.mz	Mahomed Inusse (826012400)
Lider Lda/Mahomed & Companhia Lda	x	x	x		Maputo	21313959	lmv@grupomahomed.co.mz	
Mega Distribuição de Moçambique Lda	x	x	x		Maputo	21400014, 21400202	josefernandes.mega@tdm.co.mz	José Pedro Fernandes
Moçambique Terramar Trading	x	x	x		Maputo	21401482, 823033517	terramarida@tvocabo.co.mzterramar@tvocabo.co.mz	Antonio Diogo 823169810
Mosimport Lda	x	x	x		Maputo	21300611	lorque.costa@mosimport.co.mz	Jorge Costa 843048600
Pick & Pay	x	x	x		Maputo	21340300	cvaneeden@pnp.co.mz	Dir Operations: Cliff van Eden
Propco Moçambique, Lda (Shoprite)	x	x	x		Maputo	21417295, 21414083	jgoncalves@shoprite.co.za fperreira@shoprite.co.za	João Gonçalves (purchases and sales) Francisco Pereira (Marketing)
Recheio Cash & Carry Lda	x	x	x		Maputo	21477575	marketing@coopergroup.com	Rizwan Adatia
Sopropé Lda	x	x	x		Maputo	21303737	sopropé@tvocabo.co.mzanimak25@gmail.com	Firoz Mussa 823042640
supermarket LM	x	x	x		Maputo	21431289 (esc), 21428	delicious@tvocabo.co.mz	Cristina Tzizivacos
BIG RETAILERS								
Game Discount World Mozambique Lda	x	x	x		Maputo	21453000/1	annadi@qame.co.za arseniod@qame.co.za	Dr. Ana Florentina / Arsenic Dgedge
Hiper Maputo (Grupo MBS)	x	x	x		Maputo	21329188	mbs@tvocabo.co.mz, maputoshopping@gmail.com	Mahomed Salim (828887440)
Retail Masters, SA (Pick & Pay)	x	x	x		Maputo	21467113, 84882373	info@pnp.co.mz, cvaneeden@pnp.co.mz	Cliff van Eden
Premier Superspar	x	x	x		Maputo	21759253	info@premiergroup.com	Ali Khalif
Propco Lda (Shoprite)	x	x	x		Maputo	21417295, 21414083	jgoncalves@shoprite.co.za fperreira@shoprite.co.za	João Gonçalves (purchases and sales) Francisco Pereira (Marketing)

Appendix F African Retail Development Index

Explaining the ARDI index of AT Kearney:

Country and business risk (25 percent)

Country risk (80 percent): Political risk, economic performance, debt indicators, debt in default or rescheduled, credit ratings, and access to bank financing. The higher the rating, the lower the risk of failure.

Business risk (20 percent): Business cost of terrorism, crime, violence, and corruption. The higher the rating, the lower the risk of doing business.

Market size (25 percent)

Retail sales per capita (40 percent): Based on total annual sales of retail enterprises (excluding taxes). A score of zero indicates an underdeveloped retail sector; a score of 100 indicates a mature retail market.

Population (20 percent): A score of zero indicates the country is relatively small with limited growth opportunities.

Urban population (20 percent): A score of zero indicates a mostly rural country; 100 indicates a mostly urban country.

Business efficiency (20 percent): Parameters include government effectiveness, burden of law and regulations, ease of doing business, and infrastructure quality. A score of zero indicates inefficiency; 100 indicates highly efficient.

Market saturation (25 percent)

Share of modern retailing (30 percent): A score of zero indicates a large share of retail sales is from a modern format in the range of 200 square meters per 1,000 inhabitants. Modern formats include hypermarkets, supermarkets, discounters, convenience stores, department stores, variety stores, warehouse clubs, and supercenters.

Number of international retailers (30 percent): The total score is weighted by the size of retailers in the country—three points for tier 1 retailers (among the top 10 retailers worldwide), two points for tier 2 retailers (within the top 20 retailers worldwide), and one point for tier 3 retailers (all others). Countries with the maximum number of retailers have the lowest score.

Seizing Africa's Retail Opportunities 15

Modern retail sales area per urban inhabitant (20 percent): A score of zero indicates the country ranks high in total modern retail area per urban inhabitant, roughly 200 square meters per 1,000 inhabitants.

Market share of leading retailers (20 percent): A score of zero indicates a highly concentrated market, with the top five competitors (local and international) holding more than 55 percent of the retail food market; 100 indicates a fragmented market.

Time pressure (25 percent)

Time pressure is based on 2007 to 2011 data, measured by the CAGR of modern retail sales weighted by the general economic development of the country (CAGR of GDP and consumer spending) and CAGR of the retail sales area weighted by newly created modern retail sales areas. A score of zero indicates a rapidly advancing retail sector, thus representing a short-term opportunity.

Appendix G Companies/people interviewed/contacted for study

Company/entity name	contact name	function
Banco Terra	Vondeling (Wigle)	head of agri-finance department
Banco Terra	Abdula (Danilo)	senior agribusiness officer
Coppens International BV	Leek (Cees-Jan van der)	export manager
Customs Agency	Correia (Osvaldo)	director
Customs Agency	Malla (Aly Dauto)	deputy director for organization and methods area
De Heus	Kooy (Koos)	CEO De Heus South-Africa
Decos	Matola (Florêncio)	clearance agency
Embassy of the Kingdom of the Netherlands	Negenman (Ton)	first secretary
Embassy of the Kingdom of the Netherlands	Mendes (Sonia)	assistant Economic Affairs
Farm Frites	Gegenwarth (Marten)	export manager
Hoogendoorn	Kwakernaak (Pieter)	area manager sales
IFS catering	Schreuder (Marc)	national director Mozambique
IFS catering	Custodio (Ricardo)	Mozambique sales manager
Leerdammer (Groupe Bel)	Stolp (Michel)	director B2B sales and supply chain
Mega cash & carry	Fonseca (José Gomes)	purchase manager
Mercado central Maputo		traders
Mercado Zimpeto		traders
Milling Company V&M Grain, (incl. catering)	Vonk (Andre)	manager
Nutreco	Roem (Arjen)	technical manager Africa
Procongel	Jaime (Francisco)	business partner
Shoprite (Freshmark)	Opperman (Pine)	trading manager fruits and vegetables
Superspar	Khalife (Ali)	purchase manager
Superspar	Ahmad (Hussein Ghassan)	shop manager
Terramar	Paz (João da)	commercial director
The Greenery	Steltenpool (Erwin)	
Tropigalia		sales assistant
VIP	Shalha (Hussein)	owner and general manager VIP chain of super markets
Zwanenberg Food Group	Slim (Robert)	manager logistics