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## Report on a Joint Mission to Assess Informal Cross-Border Food Trade on the Tanzania- Mozambique Border

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**Mission members:**

Olanda Bata, FEWSNet Mozambique

Simon Dradri, WFP Regional Bureau for Southern Africa S

Juvenal Kisanga, WFP Tanzania

Anabela Mabote, Ministry of Agriculture, Mozambique

Dekha Sheikh, WFP Regional Bureau for Eastern Africa

Duncan Samikwa, Southern Africa Informal Cross border Food Trade Programme

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## **1. Introduction**

A joint mission comprising representatives from Southern Africa Informal Cross Border Food Trade Monitoring System - World Food Programme (WFP), Famine Early Warning System Network (FEWS NET) and the Ministry of Agriculture (Mozambique) conducted an assessment mission on the border of Tanzania and Mozambique between 24<sup>th</sup> June and 2<sup>nd</sup> July 2006.

The main objective was to establish an understanding of any informal cross border food trade between the two countries (see the Terms of Reference in Appendix 1) as information on informal food trade along the border is scant. It was also hoped this would shed some light on policy and operational matters relating to food security and livelihoods in the two countries as well as to predict possible increases in food movements from Mozambique to Tanzania as a result of the poor agricultural season in the Horn of Africa.

## **2. Background**

Informal cross-border food trade in southern and eastern Africa, especially in the staple food maize is a common phenomenon. This trade typically involves many traders carrying unrecorded small quantities of food informally across borders. The cumulative quantities of food through this channel can be significant. It has been shown that this trade can make important contributions to food security and livelihoods of those involved in it – usually producers, traders and consumers – in both exporting and importing countries. Moreover, the trade can contribute to stabilizing market and food prices.

Since July 2004, informal food trade in Southern Africa has been monitored through the WFP/FEWS-Net project on Informal Cross Border Food Trade Monitoring Initiative. Analysis from this monitoring system has shown that during the 2005/06 marketing season, about 100,000 MT of food (mostly maize) was informally imported into Malawi from Tanzania and 71,000 MT from Mozambique against formal imports of less than 100,000 MT made by Malawi during the same time period.<sup>7</sup> The Malawi case demonstrates that informal imports can constitute a significant proportion of the national food balance sheet. This in turn has serious policy and operational implications for governments and food aid agencies.<sup>8</sup>

Northern Mozambique has high agricultural potential and is generally believed to be a food-surplus region. However, the region is poorly connected with main markets in the south of the country, largely due to very long distances and poorly developed transport infrastructure. As a result, surplus food (mainly maize) from this region tends to be traded with neighbouring countries. The pattern and magnitude of this trade, especially with Malawi, Zambia and Zimbabwe has been well established. But trade across the Mozambique-Tanzania border has been less understood, and this was the principal justification for the joint assessment, in light of the major production shortfalls in the Horn of Africa.

## **3. Purpose & Objective**

The main purpose of the assessment was therefore to establish the extent of informal cross-border food trade between Tanzania and Mozambique. The findings are expected to lead to the decision whether or not the border crossings should be monitored. The specific objectives of the assessment mission as laid down in the terms of reference were:

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<sup>7</sup>See monthly bulletins for March 2006.

<sup>8</sup>Failure to capture this volume in the food balance sheet can give erroneous picture of national 'food gap' and lead to incorrect decisions on import requirements by government and/or food aid agencies. This in turn can create distortions to domestic food trade and production, as was the case in Malawi in 2002/03.

- 1) Profile the Southern Tanzania/Northern Mozambique borders along which informal food trade may be taking place; establish the direction of flow and estimate the extent of food trade and implications for food security on both sides of the border;
- 2) Assess the constraints faced by the different categories of participants involved in the food trade (producers, traders and consumers) and how they can be minimised;
- 3) Assess the extent of inter-regional food trade between southern and eastern Africa in the light of the drought in eastern Africa;
- 4) Offer appropriate recommendations, including whether to monitor any border crossings.

These were reviewed to reflect the situation on the ground. Among others, the Mozambican side of the border could not be covered due to poor infrastructure and logistical constraints.

#### **4. Methodology/ Approach & Mission Outputs:**

The approach to the assessment fundamentally entailed the following:

**Review of secondary information:** Documents, data on the situation along the border were reviewed, some of them prior to the field visit and others on arrival and during the mission. This included information on production, prices and trade flows.

**Field assessment:** This was conducted along the border region and entailed interviews with government officials at regional and district levels and included administrators, agricultural officers, customs and immigrations officers (see Appendix 2). Observations were made at key markets and interviews conducted with traders. Crucially, border crossings identified during discussion with provincial and district authorities were visited and observations made on the extent of trade. Interviews were also conducted where possible, with farmers and transport operators.

To maximize coverage within the short duration of the study, the Mission was divided into two teams. Team1 covered the Mtwara Region and visited all four districts of Mtwara, Newala, Tandahimba and Masasi on the Tanzanian side of the border. Team 2 visited the Ruvuma Region that covers the districts of Tunduru, Namtumbo, Songea (urban & rural) and Mbinga on shores of Lake Malawi.

**Limitations and Constraints:** The mission could not carry out firsthand assessment/ observations on the Mozambican side due a number of factors. Firstly, the border areas on Mozambique are generally uninhabited, with the nearest towns located 20-30km from the border. Secondly, crossing onto the Mozambique side entailed the use of ferry or boat, and these were not accessible in some cases. Where crossing was potentially possible by boat, additional journey of at least 20km in land would be required to the nearest town, which could not be made without the use of a vehicle. Moreover, there were very few established formal border crossings. Consequently, the findings of the Mission largely reflect observations/ interviews on the Tanzanian side of the border, with secondary information being used deduce the situation on the Mozambique side.

The Mission assembled in Dar es Salaam on 24<sup>th</sup> June 2006 and carried out its first planning meeting in the capital. The Mission travelled by air to Mtwara on 25<sup>th</sup> June and undertook a more detailed planning session including refining the trader survey questionnaire, hiring vehicles and constituting the teams for actual field coverage and agreeing on the overall strategy for the fieldwork. Following the field missions, both teams converged back in Mtwara town, debriefed and consolidated notes for the final report. The following sections cover the main findings and

consist of a general profile of the border regions followed by detailed coverage by region.

## **5. Main Findings**

### **5.1 General Profile of the Study Area**

The Tanzania-Mozambique is delineated by the Ruvuma River, and stretches from Lake Malawi to the west to the Indian Ocean near the regional of Mtwara in the east. There is currently no bridge connecting the two countries and crossing the border is by boat or ferry at a few locations, including on the Indian Ocean along the coast. During the dry season, the river level drops significantly and becomes shallow at certain points where crossing on foot also take place.

The table presented as Appendix 3 shows the border areas covered in the assessment (also see map in Appendix 4). The Tanzanian side of the border (which the Mission mainly covered) consists of the two regions of Mtwara towards the coast and Ruvuma toward Lake Malawi. On the Mozambican side, the provinces of Cabo Delgado and Niassa lie adjacent to the two regions in Tanzania. The corresponding districts along the border are discussed in detail in the next sections.

Inhabitants of the border region of Tanzania and Mozambique share ethnicity and are linked by kinships and through marriage. It was reported that families from Tanzanian sometimes farm across the border in Mozambique reflecting the linkages. Consequently, there can be difficulties sometimes in distinguishing between cross-border food trade and Tanzanian families bringing home own food.

But habitation patterns on the two sides of the border were found to be distinct. The Tanzanian side is generally well settled and some villages situated very close to the border at many locations. By contrast, settlements on the Mozambique side are far from the border, on average 20-30 kilometres away. The common explanation offered was that the Mozambican wars of the 1970s to early 1990s displaced populations away from the border into Tanzania or inland into Mozambique. This physical separation of the two populations has implications for cross-border trade, and this is compounded by the poor infrastructure.

In addition, the Mozambique side is sparsely populated in comparison with a more densely settled side in Tanzania. The Mozambican side of the border has large tracts of fertile agricultural land that is largely uncultivated. This would suggest that the Mozambique side has high long-term potential for production and export food and other agricultural commodities to central Mozambique and into Tanzanian. As noted above, the mission could not undertake firsthand observations on the Mozambican side to establish the true level of trade or potential.

Nevertheless, it was broadly established that across-border trade takes place between the two countries. Food commodities, mainly maize and fish<sup>9</sup> flow into Tanzania from Mozambique while consumer goods (including clothes, household items, bicycles and radios) are taken from Tanzania to Mozambique. Although government authorities in Tanzania regard the border to be porous, there are practical difficulties in crossing the border and goods are moved through limited routes (this is discussed later). The quantities of food items could not be firmly established. But data from Mtwara Port at Msangamkuu shows that in June-October 2005 about 700 MT of maize, 26 MT of rice paddy and 175 MT of sesame were imported into Tanzania. Most of this passed along the coast, and suggests a substantial amount may have passed unrecorded.

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<sup>9</sup> Tanzanian shores are marine-protected and fishing is restricted, contributing to inflow fish from Mozambique.

## **5.2\_Mtwara Region/ Cabo Delgado Province**

### **5.2.1 Livelihoods and Socio-economic Situation**

Mtwara Region consists of the four districts: Mtwara (urban & rural), Newala, Tandahimba and Masasi. The region is located on the most southerly coast of Tanzania and borders Lindi region (to the north), Ruvuma region (to the west), the Indian Ocean (on the east) and Mozambique (to the south). As already noted, the Ruvuma River limits movement of people and goods/services between the two countries. The only bridge between the two countries, the Unity Bridge, is still under construction (in the district of Masisi) and projected to be completed in 2009.

Mtwara Region is dependent on agricultural production, though the population along the coastal area and along the Ruvuma River are also involved in fishing. The main food crops produced in the region include maize, cassava, paddy and sorghum, with beans, groundnuts and sesame also grown. The districts of Tandahimba and Newala are generally self-sufficient in food while Masasi District experiences pockets of food insecurity during bad harvest seasons and Mtwara District is generally food deficit. Overall, the province obtains some of its food requirement from Ruvuma Province and from Dar es Salaam (mainly maize meal). The harvest season for food crops is usually in June/July and hunger season follows from September/ October.

The main cash crop in the region is cashew, which is a very important source of household income, employment and a resource for economic development. Sesame and other food crops also provide other sources of cash income. Among the districts of Newala, Tandahimba and Mtwara, Tandahimba is the largest producer of cashew nuts. Cashew trade tends to be vibrant in the months of October to December. The vast majority of buyers come from India and camp in the region during this period. According Tandahimba District authorities, the lack of banking facilities leads to households spending their cash incomes within the months of September to December. It is believed that some of the cashew grown in Mozambique is also traded in Tanzania where they fetch higher prices in a more organized marketing system.

Mtwara region interfaces with Cabo Delgado Province on the Mozambican side along the three frontier districts of Palma, Magode and Mueda. These districts are largely agriculture based, and cassava is the main food crop. Cassava is inter-cropped with maize, beans and peanuts. Other crops grown mainly for cash income include cashew nuts and coconut.

The Government holds a Strategic Grain Reserve (SGR), but this is relatively small in Mtwara. The Disaster Management Unit that is responsible for managing the reserves buys food from farmers and stores them in go-downs for assistance programmes during the hunger period. There is a government marketing officer in the region with responsibilities including collecting market data for processing/ analysis in Dodoma. This information is collected at the district level.

Farmers also tend to be most in need of cash income during the food harvest season, leading to early sale of most of their food crops. This in turn has tended to lead to high market supply and consequent low food prices during harvest months. At the time of the mission, retail price for maize was around Tshs 150 per kilogram (US\$ 0.12/kg), which was less than one-third of the price level in Dar es Salaam TShs 500 per kg (US\$0.40/kg).

### **5.2.2 Main Border Crossing Points**

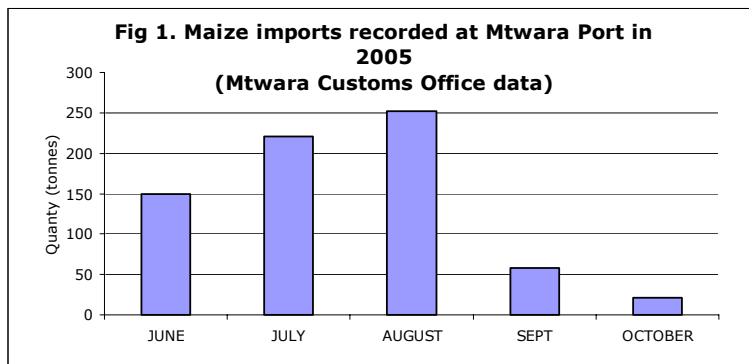
The main border crossing points and districts in **Mtwara** Region (and those in Cabo Delgado Province in Mozambique) are presented in Appendix 3. On the Tanzanian side these include:

- the port at Msangamku in Mtwara Urban District;
- Msimbati, Kilambo and Litembe in Mtwara Rural;
- Chikongo in Tandahimba District;
- Chihanga in Newala District; and
- Mtambaswala, Mitumbati, Sindano, Maparawe and Manyuli in Masasi District.

The border crossing points observed by the Mission included Msangamku, Msimbati, Kilambo and Chikongo. Information on the other crossing points was obtained from provincial and respective district authorities. Provincial authorities believed that Kilambo (with an immigration post) was the busiest crossing point, followed by Msimbati and Mtambaswa. However, this appeared to have been based on known numbers of people crossing. But observations of movement of goods suggest that the fish market in Mtwara was the most active, followed by Msimbati. On the contrary, food trade across the Kilambo seemed to be minimal

### 5.2.3 Cross-Border & Regional Food Trade

The Mission got the general impression that there is varying level of cross-border trade activities at the crossing points identified. The greatest activity was observed at the fish market in Mtwara where a large number of boats were seen. These boats come from (or leave for) towns and districts along the coast of Mozambique. Interviews with key informants (including operators of some of the boats) confirmed that food items (mainly maize, fish and sugar) were brought from Mozambique into Tanzania (See figure 1). They also confirmed that consumer goods (bicycles, clothes, shoes and sandals, domestic utensils, cooking oil, mattresses and medicines) were taken from Tanzania for sale in Mozambique.



However, the Mission did not get firsthand evidence of cross-border trade at the crossing points at Msimbati, Kilambo and Litembe, although at Msimbati beach some boats were seen docked. An interview with a resident found on the beach confirmed that

goods were moved between the two countries, but the nature and magnitude of trade could not be established. The situation was similar in Kilambo and Litembe. But reference was consistently made to illegal cross-border trade in cheap fuel from Mozambique. The evidence also points to low level of trade at Kilambo. Customs and immigration officers interviewed at this border crossing suggested the number of persons crossing into Tanzania averaged 35-50 per day during dry season and drop to 3-5 during the wet season. Most are believed to cross to access medical services and to visit family and friends.

While cross-border food trade is broadly established, food trade is also known to take place between Mtwara and other parts of Tanzania. Maize, paddy rice and other crops are brought into the region from Ruvuma Region; maize meal also flows in from Dar es Salaam. But significant quantities of food are also moved from the region to Dar es Salaam and other regions including Lindi and Zanzibar.

### 5.2.4 Other Findings From Trade Interviews

Interviews were conducted with traders at the fish market and at the main market in Mtwara town. These interviews provided important insights into food trade in

the region. *The overall picture was that food trade clearly takes place between Mtwara Region and Mozambique.*

One of the persons interviewed at the fish market (where half-dozen boats were docked) was operator of a 20-ton boat whose business was to provide transport to traders between towns on the coast of Mozambique and Mtwara. The boat is usually hired by a group of traders who share the cost of Tshs 400,000 (US\$320) and other immigration costs. The trader confirmed that main commodities transported from Mozambique to Tanzania included maize, fish and cashew nuts and that *more maize had been shipped into Tanzania this year compared to the quantity last year.* He estimated that some 40 MT of maize had so far been moved into Tanzania this year, where this is sold to wholesalers at US \$ 0.10 per kilogram.

At Mtwara main produce market, a detailed interview was conducted with a trader with more than 30 years experience in food trade. According to this trader, the largest share of his business was in commodity trade between Tanzania and Mozambique, clearly confirming the importance of cross-border trade. The main commodities include cashew nuts, maize, groundnuts and pigeon peas. The trader takes consumer goods (including soap and oil) to Mozambique to earn local currency to purchase food commodities that he returns with to Tanzania. He also pointed out that they also trade with other regions in Tanzania, including Dar es Salaam, Lindi and Zanzibar. *At the time of the assessment, traders were believed to be selling maize to Dar es Salaam due to the poor harvest in that region.*

The magnitude of food trade through Mtwara main produce market could not be established. But one of the traders confirmed having so far purchased 54 MT of maize, 20 MT of rice and 2 MT of groundnuts; there are at least 20 traders with similar operational capacity at this market. While the scale of cross-border food trade remains difficult to estimate, one trader said he believed that approximately 50 MT of food was moved across the border daily between July and December. *If this is reasonably close to the reality, this suggests the volume could be in the region of 10,000 MT in the Mtwara Region, a large bulk of this would be maize, but includes beans, pigeon peas and groundnuts.*

Traders generally had storage facilities, leased from the municipal council at Tshs 3,000 (US\$2.40) per month. These traders also pay additional Tshs 6,000 (US\$4.80) as council fees. But most do not have own transport, and instead depend on joint hiring of trucks and Lorries. Some traders used mobile phones to obtain market information. While credit facilities were not widely reported, one trader reportedly received a loan of Tshs 3 million (US\$2,400) from Traders SACCO in 2004 to finance cashew nut trade.

#### **5.2.5 Constraints to Regional & Cross-Border Food Trade**

The Mission established that the main constraint to cross-border trade was transport. This emanates from the natural barrier created by the Ruvuma River, leading to ferries, boats and canoes being the main means for transporting commodities. Bicycles and head loads were alternative means, such as at Chikongo in Tandahimba. The situation is compounded by poor infrastructure, including the lack of road bridges cited earlier.

Crossing by canoe and boat not only restricts the quantities that can be moved, but also has the added risk of capsizing caused by the southeast winds. This is reported to have caused significant losses of goods. In addition, trade between Mtwara and bordering region in Mozambique is seasonal, mainly during the dry season.

The other main constraints that traders tend to face included the lack of transport and poor road conditions. Others included the risk of losing stock due to high winds, government regulation (bans and restrictions), corruption/red tape and the

lack of transparency in customs regulations and charges. Traders claim to pay exorbitant taxes of about Tshs 12,000 (US\$9.6) per ton on the Mozambican side (tax plus customs) and Tshs 30,000-50,000 (US\$24-US\$40) per ton in Tanzania, it could not be established this trade was recorded as formal trade.

### **5.3 Ruvuma Region/Niassa Province**

#### **5.3.1 Livelihoods and Socio-Economic Conditions**

Ruvuma Region is located in southern Tanzania and borders Mtwara Region to the east, Lake Malawi to the west, Iringa Region to the north and Mozambique (Niassa Province) to the south. Ruvuma region (Map 2) consists of the four districts of Tunduru, Namtumbo, Songea (urban and rural) and Mbinga. The region has a total population of 1.1 million with 41% of this population below the basic needs poverty line.

Across the border on the Mozambique side are the district of Mecula, Mavago, Sanga and Lago that are agriculture based. Recent production data for these districts were not available. However, based on data for 2003, cassava and maize are the main crops grown in Sanga and Lago – averaging 13,000 – 20,000 MT for each crop. Production in these two districts is significantly higher than in Mavago and Mecula that have average production of less than 3,000 MT for each crop. Other crops grown in these districts include rice, sorghum and beans, with millet production only recorded in Mecula.

Ruvuma Region (especially the districts of Songea and Mbinga) is surplus food producing region. It is considered to be food secure throughout the year and across years. Consequently, the region has been important source of maize for stocking the SGR. Active food trade takes place with other parts of the country with the involvement of the private sector. It is believed that substantial quantities of maize (and other food crops such as beans) are being exported to neighbouring countries, both formally and informally.

#### **5.3.2 Main Border Crossing Points**

The Mission visited the Mkenda/Congress border that the regional and district authorities believed to be the most active. However, the observation made during the border visit revealed no evidence of active food trade taking place across the border. The Mission also observed that road infrastructure between the two towns was in very poor state. It takes at least 3½ hours to travel the 140-kilometre distance to the border, and there was no bridge across the Ruvuma River. However, the mission was informed that there was a small population of miners in Lago District on the Mozambican side that was creating a limited demand for food and non food items.

#### **5.3.3 Regional and Cross-Border Food Trade**

The most active border point in Songea District was established to be the Mkenda (Tanzania)/Congress (Mozambique) border; and Mbamba Bay (on Lake Malawi) in the case of Mbinga District.

It was established that food is widely exported from Songea to key markets in less productive or deficit regions in the country, including Mtwara and other regions in the centre and north. Significant quantities of food are also exported to neighbouring countries, including Malawi, Democratic Republic of Congo (DRC) and Zambia. However, there was little evidence of cross-border food trade with Mozambique. The latter was reasonably established from discussions at the regional authorities in Songea town and with informants at village level on the Mozambican side.



### 5.3.5 Other Findings from Trade Interviews

The Mission established that inter-district, inter-region (within Tanzania) and international (cross-border) food trade was being carried out by trader associations and large commercial traders. These traders include Songea Development Cooperation (SODECO), Umoja wa Wanunuzi wa Mazao Ruvuma (UWAMAJUSO), Export Trading Company Limited, Mohamed Enterprises, and the SGR. Some of those the Mission interviewed included SODECO, UWAMAJUSO and the SGR, and a summary of the findings is presented below.

**Songea Development Cooperation:** SODECO is comprised middlemen dealing in maize, beans and sesame (sim-sim). The main destinations for these commodities are Morogoro, Arusha, Mtwara, Dar es Salaam and Lindi within Tanzania. International export destinations included Malawi, Zambia and the DRC. The association rents storage facilities in Songea Town at an average rate of between Tshs 20,000 - 30,000 (US\$16-24) per month for a medium-sized warehouse that holds up to 2000 bags of maize each weighing 100 kg. During the last season, the association bought maize at Tshs 150 (US\$0.12) per kilogramme. Transportation cost to Dar es Salaam was approximately Tshs 70 (US\$0.05) per bag, and Tshs 40 (US\$0.03) to Mbamba Bay. According to association officials, the main constraints they face were the lack of capital and limited storage facilities.

**Umoja wa Wanunuzi wa Mazao Ruvuma:** UWAMAJUSO comprises middle enterprise traders who deal mainly in export of beans, but also carry out limited trade in maize and rice. The main trade destinations include Morogoro, Arusha, Mtwara, Dar es Salaam and Lindi regions. They also deal with traders from the DRC. Although UWAMAJUSO had exported 200 MT at the time of the Mission's visit, this amount was reportedly stocks from the previous season. It was reported that there was low demand from the DRC at the time. While this reflects the early stages of the marketing season, it also appears to be associated with a relatively good production seasons in the DRC and Malawi. It is believed active trade in this year's crop will not come to effect until the peak of the harvest season in July/August. The price of beans is set by the forces of supply and demand. The main constraint faced by UWAMAJUSO was the lack of adequate capital.

**Strategic Grain Reserve (SGR):** The Ministry of Agriculture, Food Security & Cooperatives (MAFSC) maintains SGRs of maize in seven (7) zones of the country. This includes the one in Songea, in Ruvuma region that has storage capacity of 22,000 MT. At the time of the assessment, the SGR in Songea had only 24 MT in stock. The main source of the SGR is purchases of maize from Songea and neighbouring districts of Namtumbo, Mbinga and Tunduru. Maize is supplied through private traders at prices set by government. In the last marketing season, the price was set at Tshs 185 (US\$0.15)/kg compared with Tshs 150 (US\$0.12)/kg paid by SODECO during the same period. The SGR plans to purchase 15,000 MT in the current season (2006/07). This will contribute to replenishing the release of 19,000 MT for interventions in deficit situations in 2005/06. The SGR faces competition from other traders, most notably from Export Trading Company and Mohammed Enterprises that undertake maize purchases in the region for export to neighbouring countries believed to include Malawi and Zambia.

## 6.0 Conclusions & Recommendations

### 6.1 Conclusions

The findings in preceding sections lead to the following general conclusions:

- There is evidence of cross-border food trade between Tanzania and Mozambique, with a net inflow of food (maize, paddy rice and sesame) into Tanzania. But consumer goods (mainly household items, clothes, bicycles, radios) flow from Tanzania into Mozambique.

- Cross-border trade is relatively larger and more conspicuous across the Mtwara Region and Cabo Delgado Province borders compared with the situation across the border between Ruvuma Region and Niassa Province. This difference in part reflects production differences between the two regions of Tanzania. Ruvuma is surplus food production region and there is limited incentive for food imports from Mozambique. The opposite is true for Mtwara Region that is comparatively food deficit and attracts import from Mozambique.
- Trade between Ruvuma Region (especially Songea District) with other regions of Tanzania and neighbouring countries is vibrant and should in principle trigger cross-border trade with Mozambique. That is, food from Mozambique should easily flow into Ruvuma (and to lesser degree to Mtwara) to meet demand further a field. This is clearly not the case, and appears to reflect structural impediments. Crucially, the Ruvuma River serves as a key barrier to movement and raises the cost of trading, compounded by the poor road infrastructure between the regions across the border. The borders are generally not easily crossed during the wet season, with the outcome that the peak of cross-border trade (around August) does not coincide with the harvest season, as would have been expected.
- The nature and volume of food production on the Mozambican side also appear to contribute to a relatively lower cross-border trade than would have been expected. The adjoining border area in Mozambique is sparsely populated and marketable surpluses for export may in reality be low. In addition, cassava is the main staple in this region; and surplus cassava is generally not an attractive export commodity.
- Other constraints to trade include transport in the context of ownership and availability of vehicles to rents; the supply appears to be linked to road conditions. Some traders also referred to lack of transparency in levies charged by relevant authorities. However, overall there appeared little evidence of a systematic suppression of trade cross-border and between regions.
- Both government authorities and traders in Tanzania lamented the poor road infrastructure between Mtwara and Ruvuma regions, and with the rest of the country. Although there have been improvements in recent years, this remains far from satisfactory and has implications for incentives for food trade from the regions or passing through the regions from Mozambique.
- From the above, evidence of high food insecurity in other parts of eastern Africa serving a pull factor to generate cross-border food trade across the border (or increasing the level of food trade beyond normal) is tenuous.

## **6.2 Recommendations**

- The Mission believes monitoring of informal food trade as part of the Southern African Cross-Border Food Trade Monitoring System is *not recommended*. This is on grounds of the diffuse nature of the trade and relatively low significant quantities of the trade.
- Improvement in the infrastructure between the border areas on both sides (especially on the Mozambican side) will contribute to greater trade that would contribute to a realisation of the high potential in Mozambique.
- Similar improvement in road networks between regions in Tanzania will reduce marketing costs, increase interregional food trade and thereby contribute to higher food security (especially in less productive areas) and concurrently improve the livelihoods of producers and others involved in food trade.

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## **Appendix 1: Terms of Reference**

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### **Joint FEWS Net/WFP Mission to Assess Informal Cross-Border Food Trade Along on the Border of Mozambique with Tanzania**

#### **1. Introduction**

The Technical Steering Committee (TSC) of the Southern Africa Informal Cross Border Trade Monitoring Initiative (IXBT) reflected on possible implications of the drought in Eastern Africa to the food trade with Southern Africa during in early March 2006. Tanzania is a key country with vibrant informal food trade with Zambia and Malawi and these are monitored by the initiative.<sup>10</sup> On the other hand, there is little understanding of the situation along the Tanzania-Mozambique border. As the border regions in both countries are agriculturally productive, it is important to understand the situation. The current food crisis in eastern African provides additional context where there is a theoretical possibility of informal outflow of maize and other food commodities from northern Mozambique into southern Tanzania and onwards to other parts of eastern Africa. It is in these contexts that the TSC recommended a rapid assessment mission along the bordering regions of the two countries.

#### **2. Background**

Informal food trade (especially in maize, which is the main staple across southern and eastern Africa) is a common phenomenon across the borders of most countries. In Southern Africa, this is monitored through the WFP-FEWS-NET Informal Cross Border Food Trade Monitoring Initiative established in July 2004. The manner in which the trade takes place (where many traders carry small quantities food across the border at a time) makes this trade go unrecorded. It has been shown that the volume of this informal trade can large and make significant contributions to food security and livelihoods of all involved in the trade – i.e. producers, traders and consumers – in both exporting and importing countries. Moreover, the importance of this trade in stabilizing market and prices in both exporting and importing countries cannot be overemphasized.

The Southern Africa Informal Cross Border Food Trade Monitoring Initiative has shown that in the 2005/06 agricultural marketing season, Malawi benefited from informal food imports in the tune of 100,000 MT from Tanzania and 71,000 MT from Mozambique.<sup>11</sup> Understanding of this trade has had important policy and operational implications for governments and food aid agencies in the light of its contribution to national food balance sheets. In the case cited above, inflow of maize from northern Mozambique (surplus region) to southern Malawi (perpetually deficit) has been established to be a routine. Failure to capture this volume in the food balance sheet can give erroneous picture of the national 'food gap' and lead to imports (by government and/or food aid agencies) in excess of actual import requirements. This in turn creates distortions to domestic food trade and production as in Malawi in 2002/03.

Despite the important contributions noted above, informal cross-border trade is often viewed with mistrust by government authorities and by large commercial food traders. More often than not, governments impose export bans at the slightest indication that there may be inadequate domestic stocks. On the other hand, after a good season, governments also opt to impose import restrictions to protect domestic prices. These decisions often ignore the livelihoods or the economic situation of the groups of people directly involved in the food trade across these borders. Large commercial traders tend to lose monopoly status and try to lobby government officials to ban this small scale and largely 'efficient' trade.

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<sup>10</sup> See Monthly Reports for the Southern African Informal Cross-Border Trade.

<sup>11</sup> See monthly bulletins for March 2006.

As already noted, northern Mozambique is maize-surplus region but poorly connected with main markets in the south of the country. As a result, most of the maize produced in this region is traded with neighbouring countries. The pattern and magnitude of this trade with Malawi, Zambia and Zimbabwe is well understood, but with southern Tanzania. Tanzania's contribution to informal food exports into Malawi (100,000 MT) is well documented. Significant trade also exists with Zambia where there was a net inflow into Zambia in 2005/06, representing reversal of direction of flow from past trends. An understanding of the dynamics of this trade along the common border between Mozambique and Tanzania will shed light on the inter-regional nature of food trade. It will also be of great food security and livelihoods (policy and operational) importance in the two countries.

### **3. Purpose & Objective**

#### **Purpose:**

The main purpose of the Joint FEWS Net/WFP Mission to the Tanzania/Mozambique borders is to gain an understanding of the dynamics of the informal cross border food trade between the two countries. It is hoped this will contribute to better analyses of food security issues that will shed light on key policy and operational decisions relating to food security and livelihoods (food production and food trade) along the borders of the two countries.

#### **Main Objectives:**

The objectives of the joint rapid assessment mission are:

- Profile the Southern Tanzania/Northern Mozambique borders along which informal food trade may be taking place; establish the direction of flow and estimate the extent of food trade and implications for food security on both sides of the borders;
- Assess the constraints faced by the different categories of participants involved in the food trade (producers, traders and consumers) and establish how the constraints can be minimised;
- Assess the extent of inter-regional food trade (between Southern Africa and Eastern Africa) in the light of the drought in Eastern Africa;
- Offer recommendations as appropriate.

#### **Specific Objectives:**

Specifically, the Mission will seek to determine the following:

- Assess the supply situation in the border region with focus on:
  - i) Sources of maize traded at the border
  - ii) Estimates of volumes produced and traded
  - iii) Producer perceptions of the trade
  - iv) Government/official view/ perceptions of the trade
  - v) How producers make decisions on how much to produce and price
- b) Assess the market structure, key actors and margins:
  - i) Description of the trade flows (direction) from producer to final consumer
  - ii) Description of trade and trader dynamics (i.e. categories of people are involved, how they trade, determine prices, determine how much to buy, and where they sell, etc.)
  - iii) Constraints in the trade at all levels and participants views on how to overcome them
  - iv) The availability of MIS (es) monitoring trade
  - v) Type of data that could be collected in future that would provide a better understanding of likely trade

- Impact of trade on Livelihoods of participants
  - i) Try and draw inferences on the impact of the cross border food trade among various categories of participants.
  - ii) Establish a baseline for trade flows for good/bad years

#### **4. Methodology/ Approach & Mission Output:**

The approach will consist of the following:

- Review of secondary information (documents, data) on the situation along the border (ideally information should be gathered and reviewed prior to field visit). Additional secondary data will be collected during the mission. This should include information that will shed some light on supply, prices and trade flow.
- The rapid assessment will be conducted at the border region and will take the form of interviews and focus group discussions with key informants in different categories that will include: traders, transport operators, producers/ farmers, border/ customs officials, among others. Observations will be an important component of the field visit.
- The main output will be a joint report on the status of food trade along the Tanzania-Mozambique border, with key recommendations and suggestions on the way forward. It is also hoped the information will provide information for additional reports in the two countries.

#### **5. Time Frame:**

The proposed period for the mission is 24/25<sup>th</sup> to 29/30<sup>th</sup> June 2006, with five (5) working days for the field trip. It is also proposed that the team will first meet in Dar-Es-Salaam (on June 24/25) to plan the field trip.

#### **6. Mission Composition:**

The mission will comprise of the following:

- WFP & FEWS NET from both countries;
- Relevant Ministries in both countries;
- IXBT Systems Manager (Consultant);
- WFP Food Market Specialists (Southern Africa and Eastern & Central Africa).

## Appendix 2: List of Persons Met

Thomas Sowani	Ag. Regional Administrative Secretary (RAS)
Sisty S. Msanga	Regional Agricultural Adviser
Watson L. Nganiwa	Regional Advisor (Business)
D. Sambe	Regional Statistician
Mwinyi Mussa	District Commissioner
K. Maswaga	District Executive Director
Leonard Makamu	Crops Officer
Waziri Mohammed	AMSDP : Agric Marketing System Dev. Program
E.B.Mallya	DSMS Irrigation

## Appendix 3: Border Crossing Point on Tanzania-Mozambique Border

Tanzania	Border Crossings	Mozambique
<b>1: Mtwara Region</b>	▪	<b>Cabo Delgado Province</b>
▪ Mtwara/Mikindani	Port/ Msangamku	▪ Palma/Mocimboa
▪ Mtwara Rural	Msimbati/Kilambo/Litembe (Tangazo)	▪ Palma
▪ Tandahimba	Chikongo/	▪ Mueda
▪ Newala	Chihanga/	▪ Magade/ Mueda
▪ Masasi	Mtambaswala/ Mitumbati/ Sindano/ Maparawe/ Manyuli	▪ Mueda
<b>2: Ruvuma</b>		<b>Niassa Province</b>
▪ Tunduru		▪ Mecula
▪ Namtumbo		▪ Mavango
▪ Songea Urban	○	▪ Sanga/ Mavago
▪ Songea Rural	Mkenda/Congress	▪ Sanga/ Mavago
▪ Mbinga	Mbamba-Bay	▪ Lago

**Appendix 4: Trade Calendar: purchases of food in Tanzania and Mozambique**

Mtwara	Maize Flour (Dar), & Rice (Ifakara, Shinyanga, Tunduru)				Maize (Lindi, Nachingwe, Ruangwe, Mozambique) & Groundnuts (Masasi)				Maize (Mozambique), Rice (Ifakara, Shinyanga, Tunduru) & Groundnuts (Mozambique)			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
											Cashew nuts	

Note:

- The maize flour purchases are from Dar es Salaam. Rice is typically purchased from Ifakara, Shinyanga and Tunduru for the periods of January-April and later in September to December.
- Between May and August, maize is purchased from Lindi, Nachingwe, Ruangwe and Mozambique whereas groundnuts are purchased from Masasi.
- Between September and December, maize, pulses and groundnuts are purchased from Mozambique. Maize purchases from Mozambique into Tanzania begin as early as June. It is to be noted that sales of all the food commodities takes place from January to December in Mtwara.

**Appendix 5: Pictorial Focus of the Assessment Mission**



**Fig 2. Main crossing point for cross border trade between Tanzania and Mozambique in Ruvuma region: Mkenda on the Ruvuma River.**

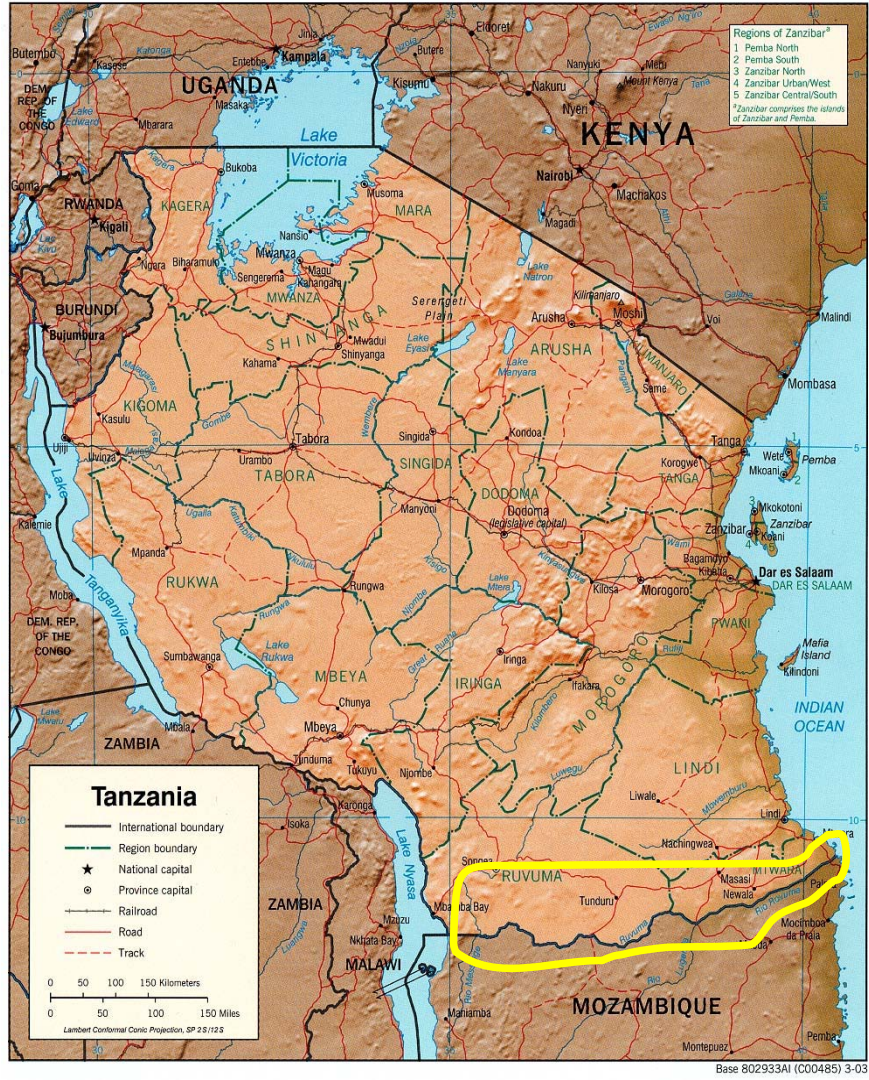


**Fig 3. Commodity assembly market in Songea town**



**Appendix 6: Area of Assessment on Tanzania-Mozambique Border**

**Map 1: The Tanzania – Mozambique Cross Border Trade Assessment**



**Study Area**