AgCLIR MOZAMBIQUE

Commercial Legal and Institutional Reform in Mozambique’s Agriculture Sector

Abbreviated Report

August 2011

EXECUTIVE SUMMARY

With a view toward identifying opportunities for inclusive economic development and strengthened food security, this report addresses the **legal and institutional environment for doing business in Mozambique's agriculture sector**. Through close examination of agriculture-related policies, laws, institutions, and social dynamics, it aims to inform assistance decisions by the U.S. Agency for International Development (USAID), as well as by other agencies and donors, in the areas of agricultural growth and food security. It also directs its insights and recommendations toward the country's government officials, private sector representatives, and others. The use of this document is intended to be multifaceted: it can be accessed as a foundation for agriculture policy development, a framework for donor intervention, a substantive resource for future projects, a benchmark for assessing change, a tool for academic instruction, and, most immediately, a "jumping off point" for stakeholder discussion and consensus-building.

Agriculture in Mozambique: Escaping legacy through opportunity

Mozambique's persistent economic poverty, including the conditions rendering its agricultural productivity among the lowest in the world, has been well documented and amply discussed.[1] In short, at least 55% of the country's 23 million people lives below the government-designated poverty line – which is measured in quite sparing of terms[2] – with approximately 80% of Mozambicans deriving their livelihoods from agriculture, predominately at the subsistence level.[3] At least 90% of farmers work small plots and grow food for domestic consumption, chiefly maize, rice, cassava, and various fruits and vegetables. Low productivity on these farms is endemic because, among other reasons, high-yielding, government-certified seed is rarely used; purchase and application of fertilizer is beyond the means of most farmers; the use of energy is unusually inefficient; and rainfall is unpredictable and irrigation underused.[4] Once products have left the farm, inadequate storage facilities and problematic rural transport options contribute to pernicious rates of post-harvest loss. Compounding these issues is the country's inflation rate, estimated at 13.5% in 2010, which ranks among the worst in the world.

According to the World Food Program, more than 44% of Mozambique's population suffers from chronic malnutrition and 34% are "food insecure and face perpetual hunger."[5] These conditions are compounded by the extreme prevalence of HIV/AIDs, which infects 11.5 % of the country's adult population. Adult literacy is improving, but still inadequate, with around 60% of men and 45% of women assessed in recent years as functionally literate (with far lower rates of literacy identified in rural areas).

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1 See, *inter alia*, accompanying materials from the World Bank Seminar on Growth, "Transformation, and Job Creation: Part I: Boosting Agricultural Production to Reduce Rural Poverty" (February 9-11, 2011; Maputo, Mozambique), *available at* http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/MOZAMBIQUEEXTN/0,,contentMDK:22521958~pagePK:141137~piPK:141127~theSitePK:382131,00.html.

2 See Frank Volmer, *Measuring Poverty in Mozambique: A Critique* 21 GlobalAffairs.es (July-September 2010) (asserting that Mozambique's measurement of poverty does not conform with international best practice and further arguing that the country should replace its "current unidimensional poverty measure with a multidimensional measurement application, one that shall allow the better crafting of policy responses to fight poverty").

3 Unless identified otherwise, statistics cited in this report are drawn from a number of sources, including various United Nations and World Bank publications, the CIA's online World Factbook (2009), and the Economist's Pocket World in Figures (2010). Most of these statistics are themselves derived from Mozambique's National Statistics Institute (INE). Given limitations in domestic information-gathering in most developing environments, most figures cannot be said to be exact, but they do represent best estimates as accepted by the international community.

4 Doulas Gollin, "Removing Technology Constraints for Agricultural Development in Mozambique" (presentation at World Bank Seminar on Growth, *supra* note 1, at Section 1) (February 9-11, 2011).

5 World Food Program, Mozambique country overview, *available at* http://www.wfp.org/countries/mozambique.

These dismal headlines derive significantly from the legacy of a colonial system that formally deprived Mozambique's native communities from equal access to education and economic opportunity, followed by nearly a generation of civil war that ended in 1992. But they also belie certain obvious and virtually immediate opportunities for Mozambique to transform its agriculture sector into one that rises to its many natural advantages. Unlike several of its neighbors, the country is neither landlocked nor lacking in diverse and abundant resources. Nor is it currently war-torn or politically isolated. Among other opportunities, its 2500 km of coastline; four ports on the Indian Ocean that extend into regional corridors of commercialization; and natural trade synergies with both its economically powerful neighbor, South Africa, as well as other neighbors that need access to ports, render Mozambique a well of potential. Other immediate prospects stem from Mozambique's shared history and connections with other lusophone countries, its extensive reserves of arable, non-protected land, and an environment for credit and investment that is increasingly positioned to support the agriculture sector.

Indeed, evidence of next-generation promise is found in far better-than-average economic growth rates, including around 7% growth in agriculture between 2003 and 2009,[6] a rate that is 9thth in the world. In addition, the country has witnessed recent significant improvements in certain value chains, including cashews, bananas, and poultry. Even against a current backdrop of low-productivity farms and labor-intensive production, Mozambique is poised to become increasingly competitive in its own domestic food markets, to strengthen its place in regional markets, and to not only become food-secure, but also help strengthen food security in the region. Mozambique has genuine potential to intensify productivity, grow an internal network of agricultural service-providers (such as private machinery and lab services), exploit opportunities in biofuel production (including through use of agricultural waste), and otherwise engage smallholder-led commercialization that can support a more food-secure, prosperous country.

Drawn from a diagnostic process explained later in this introduction, this report examines the relationship between Mozambique's enormous economic promise in its agriculture sector and the environment for doing business that will allow (or prevent) realization of that promise. **This full report specifically assesses the fundamental question of whether people with good ideas in Mozambique's agriculture sector are in a position to launch and maintain enterprises with reasonable prospects for success.** Indeed, given the sector's inherent challenges of weather, water, soil, energy, and other related conditions, the political, legal, institutional and social dynamics for supporting such activity become all the more critical. On these dynamics, as asserted during this diagnostic by one long-term foreign resident of Mozambique, donors and reform advocates "could be more courageous." That is, realizing Mozambique's vast potential requires not only a series of bureaucratic fixes – many of which are recommended in this report – but also a high-level commitment to greater accountability, stronger leadership, and higher expectations of performance at all levels of government and stewardship of the country.

AgCLIR: A tool for understanding obstacles to start up and growth of agribusiness

Generally tracking seven of the areas covered by the World Bank's annual *Doing Business* initiative,[7] along with additional inquiry into domestic infrastructure for marketing agricultural products, this USAID-sponsored Agribusiness Commercial Legal and Institutional Reform (AgCLIR) diagnostic reviews the legal frameworks, numerous public and private institutions, and social dynamics underlying conditions for reform in the agriculture sector. Based on its findings, a variety of recommendations are made. The underlying diagnostic exercise endeavors to take key themes found in the World Bank's *Doing Business* initiative, which since 2002 has assisted countries in targeting where their regulatory environments may favor or interfere with economic growth, and investigates how these same issues affect the agriculture sector in a given country.

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6 Rafael Uaienae, "The State of Agriculture and Challenges in Mozambique" (presentation at World Bank Seminar on Growth, *supra* note 1, at Slide 3) (February 9-11, 2011) (citing INE).

7 See World Bank, *Doing Business 2011* (2010), and accompanying literature at www.DoingBusiness.org.

For each of the 10 topics the *Doing Business* reports cover,[9] the World Bank considers key indicia of how the regulatory environment is "working," measured by such means as the number of procedures involved in achieving a goal (i.e., getting credit, enforcing a contract); the number of days it takes; and the costs of the procedures in relation to per-capita income. The World Bank gathers data from 183 countries and ranks each, thereby demonstrating how, to this limited degree, their respective environments compare to others throughout the world. AgCLIR supplements *Doing Business* by examining key components of the regulatory environment for agricultural enterprise in those developing countries, including Mozambique, whose economies and workers are significantly based in agriculture.

World Bank *Doing Business* Categories – Mozambique	**2011**	**2010**	**Change in rank**
Doing Business Overall *(183 countries surveyed)*	**126**	**130**	+4
Starting a Business	65	96	+31
Dealing with Construction Permits[8]	155	159	+4
Employing Workers	NA		NA
Registering Property	144	153	+9
Getting Credit	128	125	-3
Protecting Investors	44	41	-3
Paying Taxes	101	98	-3
Trading Across Borders	133	136	+3
Enforcing Contracts	132	129	-3
Closing a Business	129	135	+6

In the most recent *Doing Business* report, issued in September 2010, Mozambique ranked 126 out of 183 countries – and a relatively respectable 13th out of 46 Sub-Saharan African countries surveyed. In this latest review, Mozambique exhibited dramatic improvement in the area of Starting a Business and further registered a strong showing in Protecting Investors (two topics that are not, accordingly, reviewed in this diagnostic). Improving future rankings – and, indeed, strengthening the country's business environment generally – is a priority of Mozambique's government.

Feed the Future: Key Objectives

- Accelerate *inclusive* agriculture sector growth through improved agricultural productivity, expanded markets and trade and increased economic resilience in vulnerable rural communities.
- Improve nutritional status by increasing access to diverse and quality foods and by strengthening the prevention, identification and treatment of under-nutrition.

USAID's Feed the Future initiative, which prioritizes increased investment in agriculture and rural development as a lever for combating food insecurity and an engine for broader economic growth, prosperity, and stability, reinforces USAID's focus on agriculture and food security.[10] Feed the Future investments will help create and refine enabling policy environments and physical infrastructure that facilitate private sector investment by individual agricultural producers, small and medium enterprises (SMEs), and larger businesses. It is within this context, as well as within Mozambique's ongoing process of devising a compact and investment plan with the Comprehensive Africa Agricultural Development Program (CAADP),[11] that USAID commissioned this AgCLIR diagnostic. The goal of this report is to improve understanding of *why* key aspects of Mozambique's environment for agribusiness function as they do; *what* policy changes could lead the sector to greater

[8] In its 2008 survey, the World Bank changed the designation of the category "Dealing with Licenses" to "Dealing with Construction Permits," a title that more accurately reflects the scope of its survey. AgCLIR's focus remains on Dealing Licenses, many of which are required to do business in the agricultural sector.
[9] Starting a Business, Dealing with Construction Permits, Employing Workers, Registering Property, Getting Credit, Protecting Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, and Closing a Business. In its most recent report, the World Bank has removed Employing Workers from its scored areas of inquiry, due to ongoing controversies over the issues its evaluates. In addition, in 2008, the World Bank changed the designation of the category "Dealing with Licenses" to "Dealing with Construction Permits," a title that more accurately reflects the scope of its survey.
[10] For a full summary of the U.S. government's Feed the Future initiative, see *Feed the Future Guide: A Summary*, *available at* http://www.feedthefuture.gov/FTF_Guide_summary.pdf.
[11] Extensive details about CAADP are available at its website, http://www.nepad-caadp.net.

productivity, security, and growth; and *who* among Mozambique's economic actors must lead or implement change.

Targeted to address key issues in Mozambique's agricultural economy, this diagnostic analyzes seven of the 10 areas of *Doing Business* – **Dealing with Licenses**, **Employing Workers, Getting Credit**, **Paying Taxes, Trading across Borders, Enforcing Contracts,** and **Closing a Business** – and also examines the closely related issue of **Accessing Infrastructure for Markets**. The in-country portion of the diagnostic took place February 21-March 8, 2011. A seven-member team of consultants – four from Mozambique and three from the United States – convened to conduct interviews across the agriculture sector. (Although AgCLIR diagnostics have been completed in eight other countries since 2008,[12] this AgCLIR was unique in that it was, for the first time, managed by a USAID-funded, in-country project – the Mozambique Competitiveness and Agribusiness program (AgriFUTURO)[13] – and executed by a majority-local team.) Individually and in groups, the team met with national and local officials, farmers and their associations, owners of agriculture enterprises, business associations, non-government organizations (NGOs), the banking and lending community, and many others. Interviews and observations took place in and near Maputo City and Gaza, Manica, Sofala and Nampula. More than 150 stakeholders in all were consulted. The AgCLIR diagnostic culminated in a roundtable presentation and discussion on March 8, 2011, attended by more than 75 stakeholders, including several donors. At the roundtable, team members introduced their preliminary observations, which were then subjected to feedback and elaboration from the participants. This input helped shape the final conclusions of the team, which are found in this report.

The AgCLIR Team

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Summary of Findings

Summaries of subject-matter areas examined in this diagnostic are set forth below.

Dealing with Licenses. A broad range of licensing and permitting authority sets the stage for business activity in Mozambique, including in the agriculture sector. The prevailing ideology underlying this authority has transformed dramatically in recent years – from a socialist and centrally oriented economy, which significantly restricted options available to entrepreneurs, to far greater orientation toward free market principles and local control. Within today's legal framework, there remains some duplication, overlap, and internal inconsistency that warrant scrutiny and reform. Nonetheless, the formal licensing regime constrains the ability for enterprises to flourish far *less* than the capacity and attitudes of public servants who are charged with implementing licenses and otherwise facilitating business-oriented services. Namely, regulatory authorities are not held especially accountable for their work. There is a widely prevalent instinct to seek out donor resources rather than to internally drive low-cost reforms. For example, most regulatory authorities do not adequately inform the public about the formally established costs and required timeframes for service delivery. At a minimum, posted fees and procedures in all public offices, particularly in the rural areas, could help private-sector actors better understand – and demand – their rights.

In addition, given high levels of illiteracy, poor infrastructure, and unqualified workers in Mozambique, it is difficult for the private sector, particularly smaller enterprises, to fully abide by all licensing requirements. Accordingly, the

[12] Prior AgCLIR diagnostics have taken place in Ghana, Nigeria, Senegal, Kosovo, Tanzania, Uganda, Zambia, and the Democratic Republic of Congo. Copies of diagnostic reports are available at the website of USAID's Enabling Agricultural Trade (EAT) project, www.eatproject.org.

[13] Extensive details about AgriFUTURO are available at its website, http://www.agrifuturoproject.com.

public sector's efforts should center on achieving the underlying purpose of licensing rules – generally, the protection of public health and safety – as opposed to inappropriate revenue-raising for government or simply penalizing enterprises that do not yet understand the rules.

For several years, government in Mozambique trended toward becoming increasingly decentralized, and authority for decision-making and management of funds derived from licensing became increasingly vested at the provincial and district levels. However, the decentralization process has not rolled out at the same speed throughout the country, and current commitment to decentralization appears to be wavering. As a practical matter, licensing practices in certain provinces or districts often do not yet reflect existing changes in legislation.

Employing Workers. Mozambique's agricultural workers, most of whom work informally on small family farms, are overwhelming unprepared to meet the demands of a modern, productive agriculture sector. Even by regional standards, their productivity on the farm is low and there is a sense across agricultural subsectors – from staple crops production, to light industry, to exports – that "we cannot compete" with neighboring countries, including South Africa and Malawi. Agricultural workers have not come close to realizing the opportunities presented through such approaches to efficiency as farmer associations and formal cooperatives. Moreover, they feel barely served by agricultural extension services, which are supposed to bring updated knowledge and awareness of production opportunities to their constituents. In addition, employers attribute poor work habits in low-skill, wage-earning jobs to the scarcity of such jobs, meaning that most laborers have not worked under formal conditions before. In the critical area of knowledge-based services, the quality of specialized education in Mozambique is insufficient: vocational schools and university faculties lack the laboratories and equipment they need to properly train agricultural managers and professionals, and they have not yet exploited vast opportunities to integrate the private sector into the training regime.

In addition to critical skill shortages, employers complain about the labor and employment law under which they do business. Efforts were made during the revision of the country's Labor Law in 2007 to allow greater flexibility in the conditions of work – including procedures for hiring and firing employees – thus encouraging employers to take on more formal workers. However, most employers continue to believe that the law's "crippling redundancy requirements" and other constraints discourage them from employing more workers. The law makes employment of skilled foreign labor especially cumbersome and expensive and enables government bureaucrats to substitute their judgment of who a company should hire for the company's own views. As a result, companies must significantly restrict the extent to which they benefit from the contributions of foreign workers, ultimately missing opportunities to build local skills and explore new opportunities in agriculture production. This fact contrasts with recent best practices in similar low-skill environments, such as Rwanda, where foreign workers are not regarded as competition to be avoided, but rather as critical resources for knowledge, skills, and development, to be embraced.

Getting Credit. In Mozambique, less than 6% of total lending in 2010 was dedicated to agriculture, down from around 10.5% in 2004. A limited group of so-called traditional products (tea, sugar, cashew, sisal, coconut and cotton) are the main recipients of agriculture credit (67.7%). Since 2004, only sugar and cashew show consistent growth in financing. In contrast, tea, coconut, sisal, and, most recently, cotton have decreased. Recent years reveal a shift in agricultural credit allocation: in 2004, the traditional products received 78.8% of total credit to agriculture, a figure that diminished to 52.5% in 2010. Nontraditional products receive a growing percentage of agriculture credit, specifically from 21.1% in 2004 to 47.4% in 2010. Formal data is not available to specify precisely what other agriculture products are being financed, but bananas, mangoes, citrus, macadamia nuts, jetropha, and cereals reportedly are among them.

Thus, the primary recipients of agricultural finance in Mozambique are crops oriented for export, with the good news in that regard being that the list of export crops is expanding. In real terms, however, lending to all agriculture is scant and difficult to access. Especially underserved are products that, with strengthened access to finance, could far more effectively respond to robust domestic demand: these include eggs, chicken, meat, milk, and even fruit and vegetables that are currently imported but, produced more efficiently, could serve Mozambique's own markets and even be primed for export. Access to finance for products serving domestic and export markets alike, however, remains extraordinarily weak. Banks and other lending institutions continue to regard the risks of lending to agriculture as too high: reasons for this include the inability to use land (or land use rights) as collateral;

the poorly protected legal rights in secured lending, as evidenced by the lack of a single collateral registry; the virtual absence of crop insurance; cumbersome and inefficient procedures for investigating credit histories; poor societal attitudes toward lending, including bad habits reinforced by government lending schemes; and others.

Under current conditions, formal lending from private financial institutions to small rural projects is essentially negligible, although micro-credit opportunities are slowly emerging in rural areas throughout the country. In 2006, in an effort to increase options for local enterprises seeking an injection of capital, Mozambique established a regime known as the "District Development Fund" (FDD). Under the FDD, the central government annually transmits what is known as the "7 million" of local currency to each of the 128 rural districts. The districts are then supposed to identify worthy projects to which they lend money, in an effort to build local entrepreneurship, create jobs, and boost productivity. Although local tribunals are expected to review potential projects and award the loans based on their viability, the districts do not require collateral and they do not formally investigate the credit histories of potential borrowers. And, far more often than not, they do not get repaid. According to news service reports, between 2006 and 2010, 4.2 billion meticais were disbursed through the FDD, while only 227 million meticais were repaid – a rate of just 5.4%. Additional complaints range from the assertion that only locally powerful individuals receive the "loans," to the expectation that district officials charged with designating the funds routinely seek kickbacks from recipients. Unequivocally, donors and all other concerned development partners, including the country's network of private financial institutions, should speak out against the current FDD regime. It contributes to a culture of poor borrowing habits and even can be said to exacerbate the country's severe inflation problem.

Paying Taxes. Since 1998, all of Mozambique's primary tax instruments have been substantially transformed. As a result, tax revenues increased from 14% of GDP in 2005 to 16.6% by 2010. Other achievements include the enactment of a new General Tax Law clarifying rules for tax collection and taxpayer rights; rationalization of fiscal benefits, in particular ending the special regime for large projects; a new Municipal Finance Act; reduction of the burden on small business by increasing tax thresholds and enacting a Simplified Tax for Small Contributors (ISPC); and a strengthened tax regime for the mining and petroleum sectors.

Several additional reforms are still underway. These include integrating tax and customs information systems; tax collection via banks; improving audit revenues relative to total revenue; modernizing tax administration; and implementing tax courts. Moreover, Mozambique's national Strategy for the Improvement of the Business Environment recognizes that the fiscal burden in the country is still too high compared with other countries in the region. It also notes the perception that fiscal legislation is not designed with SMEs in mind and that further work is necessary to accelerate the reimbursement of VAT to businesses.

The key challenges in the area of Paying Taxes include the following: (1) the lack of public information and taxpayer services; that is, the code of fiscal benefits approved under "Green Revolution" is still poorly disseminated; (2) excessive complexity of the tax system, especially considering that many farmers are illiterate and lack basic legal documents (interviewees were especially critical of the complexity of the income tax and the VAT); and (3) the fact that agricultural inputs, such as seeds and agro-chemicals and manual implements, are not classified under the retail commerce classes, which would diminish their tax implications.

Accessing Marketing Infrastructure. With respect to the critical aspects of infrastructure for marketing agricultural products – including storage facilities, roads, ports, and information technology – Mozambique is a country rich in legislation. The quality and number of its laws and regulations is perceived as generally sufficient; however, the country's capacity to implement them is remains insufficient. The public sector lacks financial, human, material and technological capacity to address the increasing needs of farmers and producers and to otherwise respond to the demands of the private sector. The highly visible impact of this poor implementation is that Mozambique imports many of the products it could grow and market itself.

Once agricultural products leave the farm-gate, a variety of constraints unduly interfere with their ability to reach markets that will afford them fair prices from a variety of buyers. First, the deficient state of classified and unclassified roads cripples interprovincial, rural-urban and regional trade. Second, Mozambique's ports need to be more efficient and effective, such as providing cold storage and moving goods through faster, to attract more business and become more competitive. Third, implementing institutions, including the Ministry of Agriculture, the

Ministry of Industry and Commerce, the Mozambique Cereals Institute, and others, lack necessary stewardship and influence to meet their mandates. Fourth, private-sector business organizations do not yet effectively lobby before government. They need a stronger voice to negotiate pro-market development policies. Finally, Mozambique needs to more effectively leverage its resources in agriculture technology and inputs for the purpose of strengthening its farm productivity and product quality, so that the country's goods will be more attractive in the domestic, regional, and international markets.

Trading across Borders. Mozambique has worked to institute a program of trade reforms since the early 1990s. As a result, it has one of the most open trade regimes in Africa. The country has five tariff bands (0, 2.5, 5, 7.5, and 20%) with the highest rate applied to basic food products such as meat, fish, fruits, vegetables, beverages, and clothing. In addition, goods and services may be subject to: (1) a value added tax (VAT) at 17% of Cost, Insurance, and Freight (CIF) value; (2) an excise tax (specific consumption tax), levied on tobacco products, alcoholic beverages, and luxury products; and (3) a surtax, levied on "sensitive" products, including sugar, cement, and certain steel products. In direct support of its emerging cashew processing industry, Mozambique applies an export tax of 18% on raw cashews, and, in 2010, Mozambique levied a 20% tax on the export of logs or stakes, with slightly lower rates levied on processed wood. In general, the agricultural sector remains more protected than the non-agricultural sector.

Despite the recent improvements of many laws, institutions, personnel, and infrastructure resources in Mozambique, traders of agricultural products continue to experience delays, administrative burdens, and corruption, thus elevating the transactions costs of regional and international trade. The greatest constraints to Mozambique's exports to regional markets, in particular to South Africa, concern the lack of trade integration – that is, the continued assessment of duties on sensitive food products, the lack of harmonization of transport regulations, non-tariff barriers (including differences over certificates of origin), and sanitary and phytosanitary (SPS) issues. More can and should be done to increase the effectiveness of trade institutions, integrate border-crossing procedures, improve risk management, streamline customs clearance processes, improve technology utilization, curb corruption, and address the infrastructure needs for agricultural products moving through Mozambique's ports, airports, and trade corridors.

Enforcing Contracts. Although Mozambique has relatively sound legislation for the enforcement of contracts, various economic and socio-cultural issues sharply limit the use of formal, written contracts in the agriculture sector. Typically, only large companies and banks fully integrate formal contracts into their business relationships. In contrast, most Mozambicans involved in agribusiness rely on informal, verbal contracts. Within "contract farming" relationships, some large companies supply small producers with inputs, in exchange for the promise to sell their produce – mostly for export – to the company. Even in these relationships, however, smallholders tend to regard such arrangements as merely guidelines for business relationships, rather than strict commitments on which enterprises can make plans for the future. A lack of flexibility in such contracting arrangements may aggravate the problem of "side-selling" – that is, contracts that are viewed as exploitative are less likely to sustain full faith and compliance.

In recent years, Mozambique has created commercial sections in courts for the purpose of streamlining cases involving the flow of commerce. Currently, the functioning sections are in the Maputo City Judiciary Court (two sections) and the Sofala Provincial Judiciary Court (one section). These resources for resolving commercial disputes supplement services are provided by the Center for Arbitrage, Conciliation and Mediation (CACM), as well as the Commission for Labor Mediation and Arbitrage, two services that appear to reinforce general compliance with commercial contracts. In the meantime, primary-level courts lack sufficient resources, streamlined practices, and public confidence. Informal negotiation between the concerned parties is the most common and preferred means of dispute resolution.

There is a scarcity of legal services oriented toward agriculture in Mozambique's rural communities, including a shortage of lawyers and an absence of practical guidance on the formation and enforcement of agricultural contracts. In addition, there is little academic coordination between agriculture and the law, despite the substantial role that agriculture plays in Mozambique's economy. Opportunities abound for increased coordination, through strengthened training of lawyers in agricultural topics; increased academic discourse on the nexus between agriculture and the law; and public outreach to farmers and their associations about the importance of building a culture of contracts.

Closing a Business. Despite the need for a clear legal framework governing the winding up or reorganization of insolvent companies, Mozambique does not have a specific law for bankruptcy at this time. The legal and regulatory framework on bankruptcy significantly improved in 2005 with the revision and adoption of two main legal instruments, Law No. 1/2005, December 27th and Law No. 9/2005, December 23rd, which introduced amendments to the Code of Civil Procedure. In addition, Law No. 2/2005, December 27th and Law No. 10/2005, December 23rd adopted the Commercial Code and introduced additional changes to the regulatory framework around bankruptcies.

In recent years, the growth of Mozambique's private sector, coupled with increased socio-economic dynamism, reinforced the need for an independent bankruptcy law to respond to the needs dictated by integration into regional markets. Significantly based on the experience in Brazil and South Africa, a draft law was created in 2007, with contributions enlisted from the local private sector. This bill awaits enactment – which should be a priority – after which its implementation must become a priority, in order for its intentions to be fulfilled.

Crosscutting Themes

This diagnostic is organized so that various components of a healthy and prosperous environment for agricultural enterprise are considered discretely and, where appropriate, in relation to each other. Certain issues and dynamics are prevalent across this analytical framework, and are worth considering independently. Two cross-cutting themes emerged as particularly strong in this diagnostic: (1) access to and management of land; and (2) the gap between the legal framework – which, though far from perfect, is considered generally accessible and clear – and implementation of this legal framework in the agriculture sector in a way that truly supports the development of private enterprise. These themes are discussed below.

Access to land. First, undeniably, the "land issue" is at the heart of Mozambique's deeply constrained ability to rise to the potential of its agriculture sector. Although the purest of the free-market advocates have long criticized the constitutionally mandated state-ownership of *all* land, the philosophical underpinnings of land conditions in Mozambique, as applied by the country's legal framework,[14] do not in themselves hold back efficient use of the country's natural resources. Indeed, one of the world's most successful developing economies, Vietnam, manages a similar system of state-owned land through a vibrant market in Land Use Rights. Mozambique has the potential to develop an equally dynamic system, while also doing a far better job than Vietnam at protecting natural resources and avoiding corrupt practices.[15] To do so, however, requires increased political resolve and greater accountability on the part of the country's national, regional, and local leadership than has been exhibited to date.

Specifically, Mozambique's system of managing land usage rights (DUATs), established through its Land Law of 1997, is a clear example of a law that could be workable in principle but is undermined in practice by a lack of order, transparency, and consistency of practice. Almost all stakeholders seem to understand that land rights may be transferred between owners so long as there is some physical improvement to the land, such as a house, storage facility, or road. Preliminarily, it should be noted that this restriction is gravely inhibiting and wasteful. It has no grounding in international best practice. During this diagnostic, this restriction on land transfers was cited

[14] The scope of this diagnostic did not include an assessment of the environment for Registering Property, one of the categories included in the World Bank's *Doing Business* report. Indeed, considerable analysis by USAID and other donors has already taken place. (*See, e.g.,* Simon Norfolk and Harold Liversage, *Land Reform and Poverty Alleviation in Mozambique* (undated; available at http://www.sarpn.org.za/CountryPovertyPapers/Mozambique/LandReform/LandReform.pdf); USAID/Nathan Associates, *Financial Sector Constraints on Doing Business in Mozambique* (June 2007); Klaus Deininger, Soaring Global Interest in Farmland: How Can Mozambique Benefit? (February 10, 2011) (presentation at World Bank Seminar on Growth, *supra* note 1)). Nonetheless, the general legal framework for land use is set forth at this report's chapter on Dealing with Licenses.

[15] *See* Ton Gia Huyen and Tran Thi Minh Ha, *Vietnam Land Administration: the Past, Recent and for the Future* (7th FIG regional conference, 2009).

by various stakeholders as a non-negotiable reality, but not explained as having any purpose that cannot be achieved through less extreme and inflexible measures.

Moreover, even where improvements have been made, the transfer process itself is untenable. As noted in one report and substantiated by comments throughout the AgCLIR diagnostic process, "A favored applicant may obtain authorization in one week to transfer a plot on the strength of erecting a modest perimeter wall, while a less-favored applicant may be denied authorization after erecting a major structure." Worse, and, more commonly, "the application could languish indefinitely."[16] Anecdotally, favored applicants today include those whose families had ample access to land rights prior to Mozambique's independence in 1975, as well as the newer "elite" which holds significant political power. The dysfunction in the formal system has resulted in a complex informal market for land, which will complicate future reform initiatives.

The oft-cited difference in the amount of arable land in Mozambique versus the quantity that is actually cultivated (around 12%) seems to defy resolution, despite a consensus within *both* the business sector and civil society that reform is critical. Most of the country's uncultivated land is somehow spoken for – often by locally empowered "speculators" who pay a negligible annual fee of $.8/acre. Yet minimal demarcation and vague systems of registration render determination of the right to use the land, or the government's authority to reclaim unimproved land, incredibly vague. Such opacity benefits a privileged class of people who are not widely perceived as committed to reform. A $39 million commitment by the Millennium Challenge Corporation in 2007 for land reform in four northern provinces (Cabo Delgado, Nampula, Niassa and Zambezia) may contribute to gradual change in the land policy framework, certain land information systems and services, and access to land for investment.[17] To date, however, achieving public confidence in the government's commitment to these reforms has proven elusive and the impact of the MCC's investment is not clear. The program will be formally evaluated in 2013.[18]

Currently, investors seeking to access land for their projects must essentially "find it themselves." While in theory such an approach is not a bad thing, it is almost impossible in practice given the lack of a transparent market for DUATs. Unless a potential buyer is especially well connected, it is enormously difficult to locate information about plot sizes, characteristics, opportunities, prices, and encumbrances. Investors generally go through a process in which central government authorities – whether from the Investment Promotion Center (CPI) or the Agricultural Investments Promotion Center (CEPAGRI) – directly contact provincial governors or district and municipal leaders on their behalf for information about what plots are available, if any. Instead of a carefully vetted land bank that insiders and outsiders alike may review from remote locations, the acquisition process necessitates far more informal approaches to identifying land-use options, which in many cases may involve displacement of people. To a certain extent, CEPAGRI supports the development of individual provinces' abilities to identify tracts of land for investment. Indeed, those provinces that take more seriously the need to effectively manage their land resources are those that will prove more competitive in the future.

At all levels, public servants appear to benefit from the opacity of Mozambique's land regime. This includes many bureaucrats who, in exchange for performing their inspection function, habitually demand an unauthorized per diem from individuals seeking to register property. It also implicates government officials whose stakes in *not* reforming the system include opportunities to become enriched through future land deals, particularly those involving the "extractive industries." In the meantime, civil unrest in 2010 called attention to land issues from the perspective of peasant farmers, who, upon the completion of certain formal or informal land deals, often find themselves cut off from resources, such as water, that they previously could access. Significantly, peasant farmers share the same grievance articulated throughout this diagnostic by agricultural entrepreneurs: they do not feel that they have transparent access to secure land rights.

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[16] USAID/Nathan Associates, *Financial Sector Constraints on Doing Business in Mozambique, supra* note 14, at 70-73.

[17] Under *Doing Business*, Mozambique's ranking for Registering Property improved from 149th out of 181 countries surveyed in 2008 to 126 out of 183 countries surveyed in 2010 (*Doing Business 2011*).

[18] Jigar Batt and Jennifer Witriol, *MCC Impact Evaluation of Mozambique Land Reform* (World Bank ARD Conference, 2009).

The World Bank has observed three commonalities among emerging economies – chiefly in Latin America – that have fared better than others with respect to management of land.[19] First, national governments have comprehensively assessed and reported on the potential of their country's land and integrated that information into their development strategies, rather than allowing *ad hoc* requests or decisions by investors to determine the country's future. For Mozambique, such an assessment would require a frank, transparent, verifiable, and regular delineation of the personal holdings by national and regional officials in lands owned by the state. Second, relatively successful countries such as Chile, Peru, Costa Rica, and El Salvador have focused on securing and confirming existing property rights and allowing for their voluntary transfer. This effort includes defining mechanisms – including costs, taxes, timeframes, and other "countable" aspects – for transferring all or part of local land and investing in the clear demarcation of land. Third, countries that successfully manage their land implement transparent processes and effective mechanisms for monitoring compliance and providing redress for abuses. These processes included accessible auctions of public land; publication of contracts for transfer of public lands; and creation of incentives to avoid merely speculative land acquisitions. USAID has considerable experience throughout the world (both successful and unsuccessful) in taking on land reforms that reflect these priorities. This past experience must be taken into account when planning for the future.

The fact that land cannot be used as collateral in Mozambique troubles some observers as it diminishes access to credit. During this diagnostic, one bank representative asserted, "We cannot do agriculture in this country if the land belongs to the government." However, despite "Mystery of Capital"-inspired interest in land for this purpose, experience over the past generation shows that, especially for the poor, the ability to secure loans for formal title to property is attractive in theory, but almost negligible in practice.[20] In fact, Mozambique has developed relatively robust systems for the use of moveable collateral in securing loans (buildings, farm equipment, livestock, inventory, personal vehicles, etc.), a mechanism that is perhaps more relevant to smaller landholders. That said, without transparency and conflict-free management of land registration, Mozambique's use of its remarkable land resources will continue to be hamstrung, particularly as the country seeks to build out its potential in commercial farming. Clarity in land use rights provides incentives for people to invest in their own productivity and future.

Emphasizing the enabling environment for agriculture: AgCLIR complements other Mozambican initiatives and reports

- Estratégia da Revolução Verde (Green Revolution)
- Política e Estratégia Industrial (Industrial Policy and Strategy), including agro-industry (Ministry of Industry and Commerce)
- Strategy for the Improvement of the Business Environment
- Strategy for Southern African Development Community (SADC) regional integration
- Strategic Plan for Development of the Agricultural Sector (PEDSA) (Ministry of Agriculture).
- Action Plan for Food Production (PAPPA) (Ministry of Agriculture)
- The national agricultural development programs (PROAGRI)
- Strategic Plan to Develop Mozambique´s Agrarian Sector

Most of these programs are detailed by the World Bank's report, Prospects for Growth Poles in Mozambique (August 2010).

The implementation gap. Second, as noted at several junctures of this report, the legal framework for agribusiness is considered to be generally sound, notwithstanding a number of opportunities for reform, reconciliation, and refinement. Yet implementation and enforcement of the law are notoriously weak. In addition

[19] *See* Klaus Deininger, Soaring Global Interest in Farmland: How Can Mozambique Benefit? (February 10, 2011) (presentation at World Bank Seminar on Growth, *supra* note 1.)

[20] For a discussion of how and to what extent the poor are able to access credit by mortgaging their formally registered land, see USAID/ARD, *Land and Business Formalization for Legal Empowerment of the Poor – Strategic Overview Paper* (January 2, 2007) at Annex 3 (Markets, Assets and Using Land for Collateral) (citing and referencing critiques to Hernando de Soto's *Mysteries of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (2000), which links creation of private land rights to opportunities for the creation of capital in poor communities).

to agency capacity and human resources issues detailed in this report, this "implementation gap" is attributable to such factors as control-oriented management, a lack of consistency and trust in relations between the private and the public sectors, corruption at various levels of government, and the negative impacts of the state of "drowning in aid."[21]

With respect to the persistent issue of government control over the private sector's ability to flourish, the area of trade presents a compelling example of undue government intervention and undermining of entrepreneurial growth opportunities. Namely, despite improvements in the legal regime, Mozambique's government continues to micromanage the flow of goods into and out of the country. The country's failure to embrace international best practices in risk management – that is, a rational, data-driven process for selecting cargo for intensive examination, as opposed to inefficient inspection of all goods – has a major impact on the efficiency, time, and cost of doing business for traders of agricultural products and input supplies.

For example, in Mozambique, as in many countries, both importers and exporters must be licensed. Rather than using the data underpinning these licenses as a foundation for risk management, however, the government continues to require inspection of all imports and exports that move through formal trade channels. Moreover, all imports of agricultural products into Mozambique must be issued an import permit *each time* before they are authorized entry, and the government insists that exporters must obtain a similar document. Quasi-monopolies are sanctioned in the business of importing and distributing agro-chemicals because government wants to exercise control over the use of these products through the companies that import and distribute them. Even though import duty rates are relatively low compared to many countries, the imposition of VAT and other taxes, combined with port charges, delays, and high transport costs, substantially increase the delivered cost of imported goods.

Corruption in the neighborhood:
How Mozambique fares relative to its neighbors in the Corruption Perception Index
178 countries surveyed

Country	World Ranking	Score
Botswana	33	5.8
Malawi	85	3.4
Mozambique	**116**	**2.7**
South Africa	54	4.5
Tanzania	116	2.7
Zambia	101	3.0
Zimbabwe	134	2.4

Source: *Transparency International, Corruption Perception Index (2010). Scored on a scale of 1 to 10, with 10 being best (perceived as the least corrupt).*

Furthermore, many laws in the trade arena, particularly those related to licensing, taxation, and labor relations, are implemented in a fashion that prioritizes government control over business friendliness. For example, the government has devised a range of incentives and stimulus programs that are designed to circumvent some of the effects of the negative business climate. These incentives include benefits such as a substantial reduction in the corporate income tax rate for a period of time; the duty- and tax-free importation of capital equipment; the tax-free and nominal duty for imported agricultural inputs, and the temporary importation of packaging material and other supplies that are subsequently exported. However, in many cases, the process of applying for and actually obtaining these benefits is so bureaucratic, onerous and time-consuming, that much of their anticipated benefits is lost.

Another factor that influences the business environment in Mozambique is a lack of consistency with respect to how the government treats the private sector, stemming from a lack of trust. The private sector appears to view government as obstructionist, unresponsive, and unhelpful, while government often views the business community as exploitative and abusive of labor. Mistrust creates uncertainty, which limits investment. While some degree of mistrust may be common to almost all countries and can be categorized as "healthy skepticism," open, clear, and effective dialogue – where stakeholders genuinely listen and respond to one another – is the best way to overcome this problem. In this regard, the CTA, as the private sector representative, and the Ministry of Industry and Commerce, as the representative of government, routinely meet to discuss policy issues and the viewpoint of

[21] Sarah Lucas, "Mozambique Field Report" (Center for Global Development, December 2005).

the private sector. Additionally, the Confederation of Mozambican Business Associations (CTA) participates in annual public-private dialogues with sectoral ministers, regional political officials, the Prime Minister, and even the President. Unfortunately, the current program of annual conferences, fed by interim working groups led by the CTA, has not proven effective in prioritizing reform and ensuring private sector participation in its implementation.

Corruption is a substantial issue as well. Mozambique is plagued by petty extortion by low-level government officials who require a facilitation payment to do their job effectively, or to look the other way after an imagined, or real, infraction has been committed. Also, in Mozambique, this blight seems to have been elevated to a higher level. For example, many stakeholders interviewed for this diagnostic believe that one reason why customs regulations are so draconian and inflexible is that private traders will invariably fall into the trap where an administrative error in the export-import process can only be remedied on a timely basis by a facilitation payment to the official who discovers the error. In general, there is a perception that many government officials have business interests within economic sub-sectors that fall within their span of control - such as some municipal authorities who have a financial interest in the transport company that serves the city. Conflicts of interest by government officials seem to be a common occurrence in Mozambique, including, as noted previously, in the area of access to land. The country's poor reputation in this regard contrasts sharply with neighboring Botswana and South Africa, where eliminating official corruption has been more of a priority, and, in turn, opportunities for private sector growth are far greater.

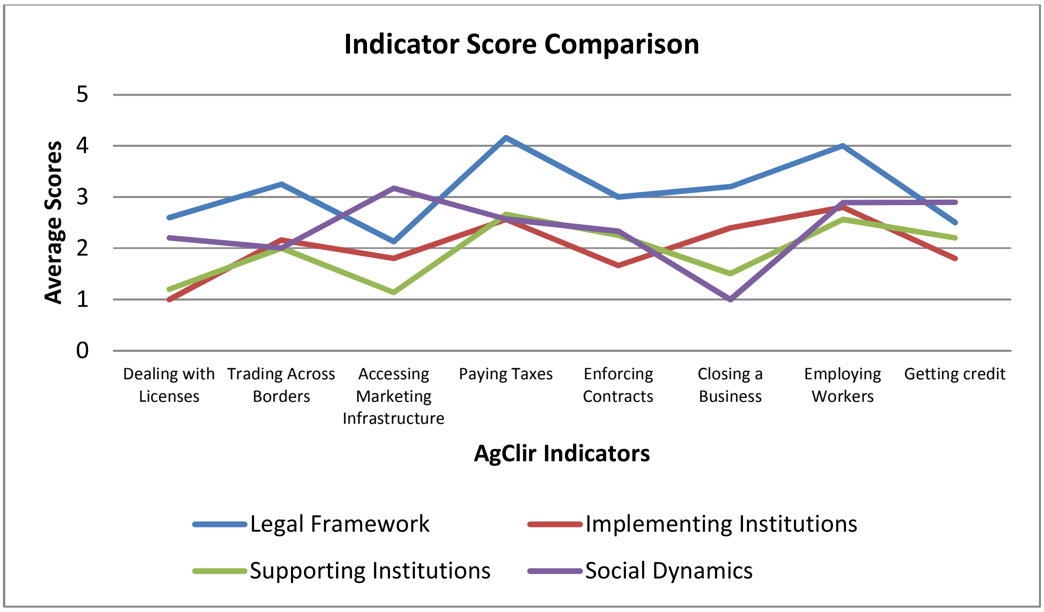
Finally, the abundance of donor initiatives in Mozambique warrants special scrutiny. This diagnostic found that a number of public institutions, ranging from extension services to local economic development agencies, have been inclined to relinquish their responsibility for providing support and services to the agricultural sector, relying instead on donor support to fill an apparent void. During this diagnostic, a common refrain from public-sector agencies (both national and local) was that improvement of their functions is impossible without additional significant donor support. For example, during this diagnostic, few donors could provide tangible examples of how their work directly with or on behalf of farmers intersects with the work of Ministry of Agriculture extension officers. Some suggested that extension officers are discouraged by their relative lack of resources, compared to those available through donor-funded programs. Others said that public extension officers are poorly managed and do not step up to opportunities they may have to strengthen their own offerings. At worst, donors and others are bypassing extension officers as "more trouble than they're worth" rather than integrating extension agents into their initiatives. That said, in an effort to improve Mozambique's private and public extension regime, the United Nations' International Fund for Agricultural Development (IFAD) provides financial support through two key programs: (1) PRONEA – a National Extension Program, which implements an extension master plan across Mozambique and works with farmers to increase production and productivity through access to technology; and (2) PROMER – Rural Markets Promotion Program, which supports access markets in the provinces of Zambezia, Cabo Delgado and Niassa.

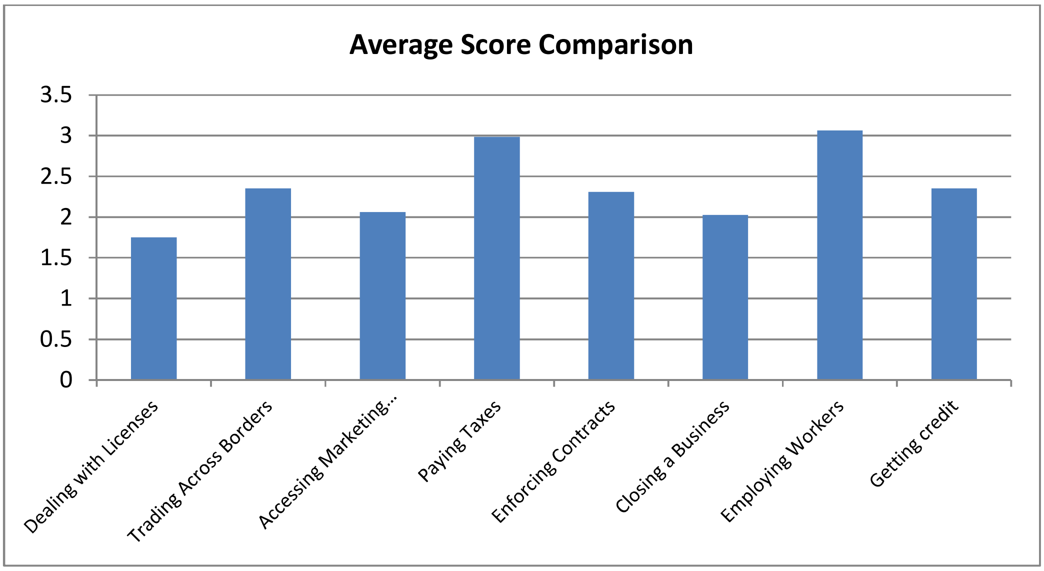
Though most stakeholders welcome the support of donors, they can, in the long run, experience negative effects of over-intervention. For example, when donor money is plentiful, there is a tendency to "farm projects" rather than land, as each new project may have a different agricultural direction. If new funds can reliably be expected to come along every three to five years, there is an understandable tendency on the part of farmers and their associations to split their attention between maximizing earnings from their land and maximizing income from grants and program support. This dual-track strategy leads to conflict, which in turn leads to de-emphasis of the production dimension in favor of the donor dimension. Dependence upon donor support can result in the development of capacity that cannot be sustained when support is withdrawn. Donors, public institutions and the private sector must collaborate to consider both the positive and negative impacts of their interventions and identify the most sustainable capacity-development strategies.

The plentitude of donors in Mozambique also raises the question of how knowledge resources are ultimately used by local stakeholders, and just as critically, by the donors themselves. For example, untold numbers of donor reports have been issued since Mozambique has undergone its economic transformation. The reports have the potential to provide great value – if and when they are critically assessed by both local constituencies and donors, and where necessary, put into action. This does not happen often enough.

Summary of diagnostic findings

The combined quantitative and qualitative aspects of this diagnostic found that Employing Workers is, overall, the strongest of the areas studied, while Dealing with Licenses is the weakest. Moreover, the diagnostic identified the legal frameworks underlying the areas studied as better off than the other aspects considered, with the supporting institutions found to be in the poorest shape.





As reflected by the indicator chart above, the AgCLIR scores suggest significant room for improvements across the board. The legal framework is currently the strongest framework area for paying taxes. Social dynamics are also relatively strong in all areas except for closing a business. However, supporting institutions proved to be the weakest area, suggesting a need to strengthen available resources to assist with the agribusiness enabling environment and increase awareness of these resources.

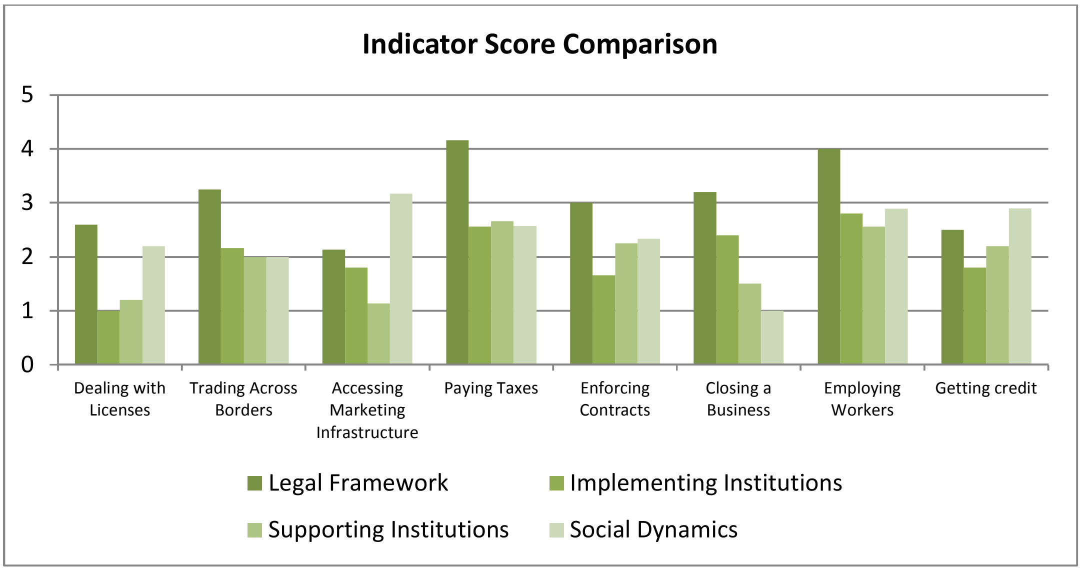


TABLE OF RECOMMENDATIONS

Chapter	Recommendation	Lead	Term	Priority	Difficulty
Dealing with Licenses	Conduct an awareness campaign to limit corrupt practice in the management of natural resources.	Government/ National Council to Manage Natural Resources	medium	high	Medium
Dealing with Licenses	Improve and approve the draft law on biotechnology.	Government	short	high	Low
Dealing with Licenses	Monitor the experience of all companies doing business in the Nacala Special Economic Zone, identifying opportunities to strengthen this option for agricultural enterprises	Private sector/NGOs	short	high	Low
Dealing with Licenses	Ensure private sector contribution to the development and promulgation of regulation on agriculture.	Private sector	short	high	Medium
Dealing with Licenses	Develop customer service programs for government agencies.	Government and private service-providers	short	high	Low
Dealing with Licenses	Provide additional training to government officials in the provincial areas to ensure uniform implementation of laws.	Government/ Donors	short	medium	Low
Dealing with Licenses	Conduct a review of the Law Decree n. 42.65499 to identify where procedures can be strengthened.	Government and NGOs	medium	medium	Low
Dealing with Licenses	Clearly classify agricultural inputs in one of the commerce classes.	Government	medium	medium	Low
Employing Workers	Develop a “High-Growth Job Training Initiative” through a grant program.	USAID/ Private sector/NGOs	short	high	Low
Employing Workers	Continuously track and analyze Mozambique’s experience developing farmers’ organizations.	Donors	short	high	Low
Employing Workers	Revisit the potential for strengthened vocational educational opportunities.	Donors/ Government	short	high	Low

Chapter	Recommendation	Lead	Term	Priority	Difficulty
Employing Workers	Through short courses or summer programs, strengthen support for rural students attending university in agriculture-related topics.	Academic, NGO, Donor	short	high	Low
Employing Workers	Promote agricultural expertise in professional education.	Educational institutions/ Private Sector	short	high	Low
Employing Workers	Review and reform the policy toward the use of foreign workers.	Government/ Private Sector	short	high	Low
Employing Workers	Revisit the labor law to reduce the cost and burden of formal employment.	Government/ Private Sector	short	high	Low
Employing Workers	Take advantage of best practices in extension services to improve the environment in Mozambique.	All stakeholders	short	high	medium
Employing Workers	Improve the conditions for women in Mozambique's labor market.	All stakeholders	short	high	Medium
Employing Workers	Research agricultural-related brain-drain and develop steps to address it.	Donors/NGOs/ Government	medium	medium	Low
Getting Credit	Revisit USAID's 2007 report on financial services and identify where recommended reforms have (or have not) been undertaken, and why	USAID and implementing partners	short	high	Low
Getting Credit	Support the enactment of a modern secured transactions law to provide quick, inexpensive, and simple creation of a proprietary security right and the establishment of a unified collateral registry	Bank of Mozambique, Council of Ministers, CTA, commercial banks	medium	high	Medium
Getting Credit	Initiate advocacy against the current FDD regime. It contributes to a culture of poor borrowing habits and even can be said to exacerbate the country's severe inflation problem.	Donors and private financial institutions.	short	high	Low
Getting Credit	Establish and build the capacity of private credit bureaus	Bank of Mozambique, Council of Ministers, CTA, commercial banks	medium	high	High

Chapter	Recommendation	Lead	Term	Priority	Difficulty
Getting Credit	Tackle the interest-rate problem through concentrated efforts at risk reduction, increased insurance opportunities, and changes in lender incentives	Bank of Mozambique, Council of Ministers, CTA, commercial banks	medium	high	High
Getting Credit	Promote mobile finance interoperability	MIC, Bank of Mozambique, commercial banks, telecom providers	short/ medium	high	High
Getting Credit	Improve the enforcement of agricultural contracts	Courts, ADR institutions, lawyers associations, commercial banks	medium	high	High
Getting Credit	Enact and enforce a new bankruptcy law	Parliament, courts, lawyers associations, commercial banks	short	high	Medium
Paying Taxes	Launch a campaign to inform people about the fiscal benefits approved under the Green Revolution.	Government and Media	medium	high	medium
Paying Taxes	Simplify the tax code, taking into account the illiteracy rates and lack of formal documentation by many in rural areas.	Government	medium	high	High
Paying Taxes	Identify and remove bottlenecks in the tax refund process to reduce the repayment period.	Government	short	high	Low
Paying Taxes	Provide frequent training programs to tax agency officials so that information to the public is accurate and timely.	Government	short	high	Low
Paying Taxes	Launch an awareness campaign to improve the tax culture.	Government and Media	medium	high	Medium
Paying Taxes	Improve donor coordination with respect to the tax authority to maximize efficiencies.	Government and Donors	short	high	Low
Paying Taxes	Consider lowering the tax rate for corporations.	Government	medium	medium	Medium
Paying Taxes	Build the capacity for tax analysis within the tax agency.	Government/ Donors	medium	medium	Medium

Chapter	Recommendation	Lead	Term	Priority	Difficulty
Paying Taxes	Further integrate operations between the customs and tax agencies.	Government/ Donors	medium	medium	Medium
Paying Taxes	Support the introduction of e-taxation.	Government/ Donors	medium	medium	medium
Paying Taxes	Increase the use of automated systems for tax collection for low priority cases.	Government/ Donors	medium	medium	medium
Accessing Marketing Infrastructure	Hasten the concession process for the N1, N6, and NY roads.	Administracao Nacional de Estradas (ANE)	short	high	medium
Accessing Marketing Infrastructure	Improve donor coordination for investments in rural areas.	Donors	short	high	Low
Accessing Marketing Infrastructure	Create (physical) incentives to encourage private sector investment in farm infrastructure-such as the creating of water sources, roads and electricity.	Government	medium	high	Medium
Accessing Marketing Infrastructure	Support agricultural finance for production and commercialization of agricultural products.	Government and private sector	short	high	Medium
Accessing Marketing Infrastructure	Promote private public partnerships.	Government and private sector	short	high	Sow
Accessing Marketing Infrastructure	Invest in market information systems.	Government and private sector	short	high	Low
Accessing Marketing Infrastructure	Provide specialized training to government and para-statal agencies to strengthen their capacity to manage concession contracts.	Government and donors	short	high	Low
Accessing Marketing Infrastructure	Improve the organizational structure and technical capacity of business associations to be able to provide critical feedback to government policies.	Donors and private sector	medium	high	Low
Accessing Marketing Infrastructure	Improve business skills training for producer associations in the rural areas.	Ngos	medium	high	Low
Accessing Marketing Infrastructure	Introduce a one-stop border between Mozambique and Zimbabwe.	Government and Donors	medium	medium	medium
Accessing Marketing	Integrate findings from the 2011 UNIDO laboratory study into	Donors, Government,	short	medium	low

Chapter	Recommendation	Lead	Term	Priority	Difficulty
Infrastructure	private sector development efforts.	Private Sector			
Accessing Marketing Infrastructure	Enlist agronomists for key agricultural border crossings.	Government	medium	medium	medium
Accessing Marketing Infrastructure	Consider the introduction of incentives to use fertilizers and pesticides for rural farmers.	Government	medium	medium	low
Accessing Marketing Infrastructure	Establish grading systems and differentiated prices based on quality to reward farmers who invest in quality seed and inputs.	Government and private sector	medium	medium	low
Accessing Marketing Infrastructure	Open large extensions of land in proven productive areas to cultivate cash crops.	Government	short	medium	low
Accessing Marketing Infrastructure	Replicate the success of producers in Marracuene by supporting commercialization and storage in other areas.	Government	short	medium	medium
Accessing Marketing Infrastructure	Explore the introduction of a law to encourage farmers to save a percentage of their harvest for self consumption.	Government	medium	medium	medium
Accessing Marketing Infrastructure	Develop an information platform where specifics on rural roads and their conditions can be found.	Government and private sector	medium	medium	medium
Accessing Marketing Infrastructure	Leverage the improvements in port and rail to facilitate the import and export of agricultural products.	Government and private sector	medium	medium	medium
Trading Across Borders	Accelerate the deepening integration of SADC and the removal of non-tariff barriers between SADC member countries.	Government	medium	high	medium
Trading Across Borders	Negotiate the liberalization of informal cross-border trade in both directions.	Government and Regional Governments	short	high	Medium
Trading Across Borders	Press for additional bilateral trade agreements (especially with South Africa).	Government	medium	high	High
Trading Across Borders	Accelerate efforts to improve corridor efficiency.	Government and donors	short	high	Medium

Chapter	Recommendation	Lead	Term	Priority	Difficulty
Trading Across Borders	Provide additional training for customs officers in customer relations, SADC integration and customs regulations.	Government	medium	high	Low
Trading Across Borders	Develop a plan for interagency cooperation/integration of all border agencies.	Government and donors	medium	high	Low
Enforcing Contracts	Produce and distribute a simple guide to the laws of contracting, collection, and enforcement in the agriculture sector.	Government and donors	short	high	Low
Enforcing Contracts	Through a limited review of existing court data, improve understanding of the types of contracts used in agriculture-related transactions and the circumstances of enforcement.	Government	short	medium	low
Enforcing Contracts	Develop and implement a commercial law training program for lawyers and judges in the rural areas	Government (judiciary), bar associations, donors,	short	High	medium
Enforcing Contracts	Analyze the restrictions on contracting imposed by crop-specific laws and other agricultural legislation.	Government and donors	short	High	low
Enforcing Contracts	Encourage law faculties to expand their integration of contracts and agricultural issues generally into their curricula.	Universities	short	High	low
Closing a Business	Review, debate, and act on the existing bankruptcy legislation. Incorporate key findings of USAID/SPEED report (June 2011) into deliberations and next steps.	Government and Private sector	short	High	Medium
Closing a Business	Engage in a strategic communications and outreach plan for stakeholders to improve understanding of the benefits of reorganization, insolvency, and creditors' rights.	Professional associations, Private Sector, Media	medium	medium	low
Closing a Business	Develop a curriculum for the new law, including procedures and best practices for the judiciary and lawyers.	UTREL, Private Sector, Donors	short	high	Low