

Manufacturing Africa: Mozambique Economic and Green Manufacturing Growth Strategy Report and UK Private Sector opportunity assessment

Rice value chain investment case

March–April 2026



This document has been funded by UK aid from the UK Government;
however, the views expressed do not necessarily reflect the UK Government's
official policies

www.manufacturingafrica.org



Vision for Mozambique's rice sector in 2044



For the country

Achieve **rice self-sufficiency** by scaling competitive domestic production and modern milling capacity for **Mozambican-preferred rice varieties**, enabled by expanded irrigation, better access to quality inputs, and a larger cultivated area



For the industry

Increase domestic milled rice production by ~8x to close the import gap, raising paddy output and milling capacity to roughly 990¹ ktpa. This growth will be enabled by expanding rice cultivation area to +80,000 ha, boosting farm and mill yields, and supporting **end-to-end value-chain integration to ensure reliable, high-quality paddy supply for millers**

1. Milled rice target of 2024's imported volume (688.5 ktpa) translated into required milling throughput of ~990 ktpa, assuming a 70% milling yield (i.e., paddy input = $688.5 / 0.70$). To size upstream paddy production, volumes were allocated by cultivation type: (i) Investment project: 28.6 ktpa at 6.6 t/ha, requiring ~4,300 ha; (ii) Irrigated: assumed to remain at 30% of total production with yield held at 8.9 t/ha, requiring ~28,500 ha; and (iii) Non-irrigated: balance of production, assuming yield increases to PNA target of 2.2 t/ha, requiring 318,800 ha. Current cultivated area of 273,100 ha was subtracted from total required land (351,600 ha) to size the required cultivated land expansion of 78,500 ha

A first integrated project in Zambézia can anchor Mozambique's path to rice self-sufficiency

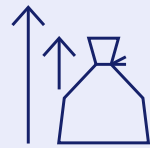
Investment Project

Operationalize Mozambique's largest rice mill (50 ktpa capacity) in Zambézia as a vertically integrated platform, combining certified seed, irrigated own-farm production, and outgrower sourcing



\$35-40M

Investment required¹



\$36-40M

Annual revenue³



\$34-55M

FX on milled rice imports saved per year⁴



~3,300

Jobs created²



~9,000

Smallholder farmers integrated (farm of avg. 1.5 ha)

1. Includes CAPEX investment and working capital for year 1 operations, including investment for double cropping, seed acquisition for the 1st crop and agricultural support for outgrower farmers. Already reduced capex due to receiving access to land with irrigation infrastructure and existing milling facility
2. Does not include eventual seasonal workers
3. Assumes domestic milled rice price of 60-70 MTZ in line with data from the Competitiveness Analysis of Local Rice to Imported Rice in Mozambique
4. Considers 2025 average international price for milled rice of \$790-910 USD/t (equivalent to 50-60 USD/kg)

Five key pillars create structural advantages for a vertically integrated rice investment in Mozambique

Relevant market currently underserved...



Mozambique has a **sizeable rice market (\$530M)** growing ~6% p.a. since 2015, yet there is a **structural production gap as imports supply about 90% of total demand**

Population growth indicates that **the market value could further expand to \$1.2–1.5Bn by 2030**

Momentum to accelerate local production...



Policy reform might **stimulate domestic rice production** with new import restrictions and ICM centralization in 2026

Despite visible interest from international investors, current rice FDI **only meet ~23% of required capacity to achieve self-sufficiency by 2044**

Domestic premium increases competitiveness...



Locally produced rice can outperform imports on economics, capturing ~5–10 p.p. higher margins than medium-quality imports, while **quality upgrades and stronger branding could unlock an additional ~10% price premium** in a market that values local rice attributes

Institutional commitment to import substitution...



Government commitment to **drive domestic production**, guaranteeing **institutional support and investment to enhance competitiveness and streamline investment processes**

Attractive business case...



A strong and attractive business case, with **EBITDA of 25–30%, IRR of ~20–25%** and an estimated payback period of **4–5 years**

The investment into a vertically integrated rice production and milling facility is supported by 5 key pillars

Relevant market currently underserved...



Mozambique has a **sizeable rice market (\$530M)** growing ~6% p.a. since 2015, yet there is a **structural production gap as imports supply about 90% of total demand**

Population growth indicates that **the market value could further expand to \$1.2–1.5Bn by 2030**

Momentum to accelerate local production...



Policy reform might **stimulate domestic rice production** with new import restrictions and ICM centralization in 2026

Visible interest from international investors signal **growing confidence that the market is ready for FDI-led expansion across production and processing**

Domestic premium increases competitiveness...



Locally produced rice can outperform imports on economics, capturing ~5–10 p.p. higher margins than medium-quality imports, while **quality upgrades and stronger branding could unlock an additional ~10% price premium** in a market that values local rice attributes

Institutional commitment to import substitution...



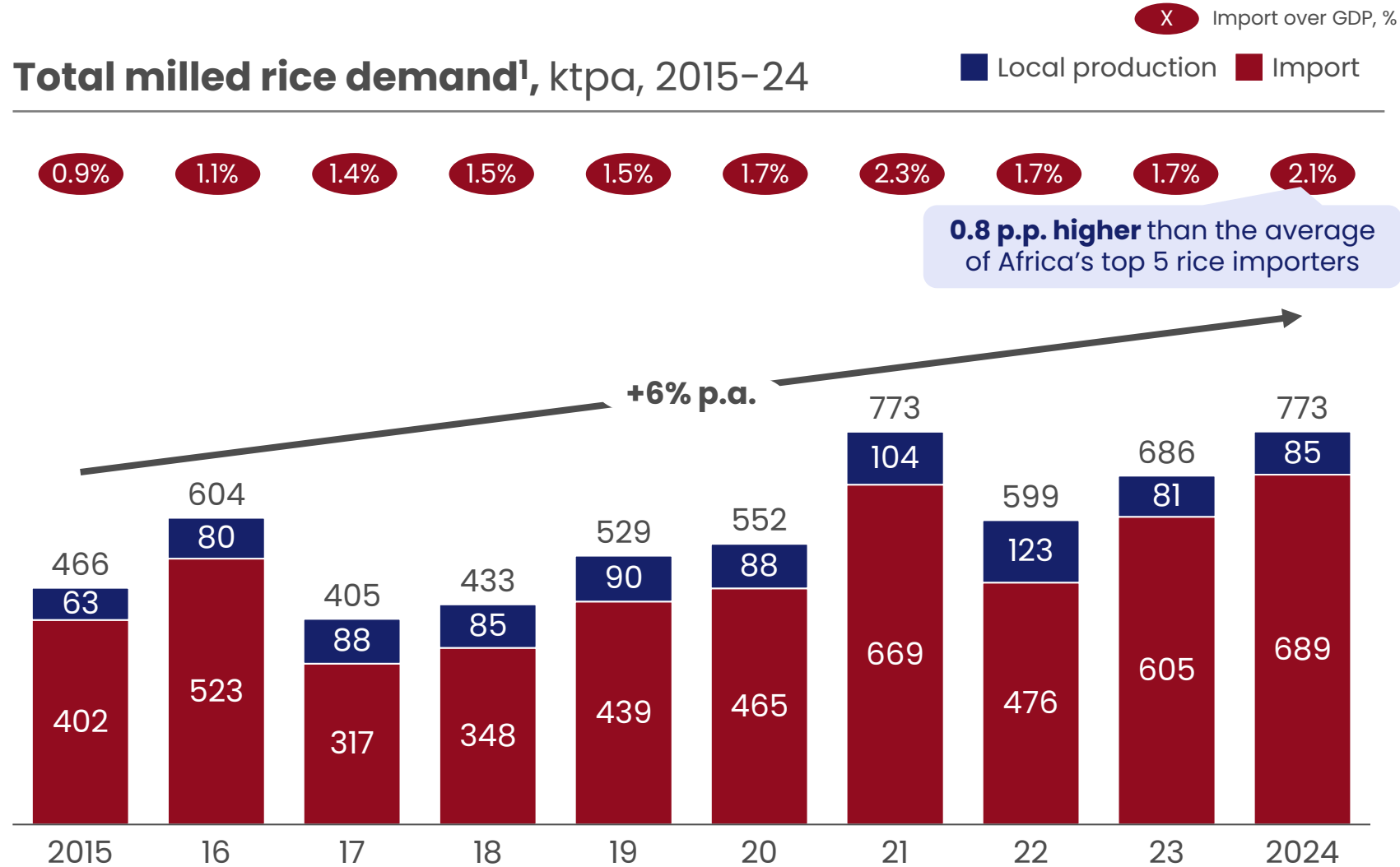
Government commitment to **drive domestic production**, guaranteeing **institutional support and investment to enhance competitiveness and streamline investment processes**

Attractive business case...



A strong and attractive business case, with **EBITDA of 25–30%, IRR of ~20–25%** and an estimated payback period of **4–5 years**

Mozambique's rice market is already large but remains import-dependent, with imports absorbing 2.1% of GDP in 2024



Key insights

5th

Largest import in Mozambique in 2024, only behind Petroleum, Chromium Ore, Ferroalloys and Iron Ore

- **Population growth, urbanization, and rising incomes are the main drivers** for steady rice demand in Mozambique due to the grain's versatility and convenience
- Rice is the **5th most important household staple food²**, representing an avg. of ~6% of a household's budget

1. Assumes that all imports are destined to internal consumption; considers a transformation factor of 0.5 from paddy production to milled rice, as per the Competitiveness Analysis of Local Rice to Imported Rice Mozambique

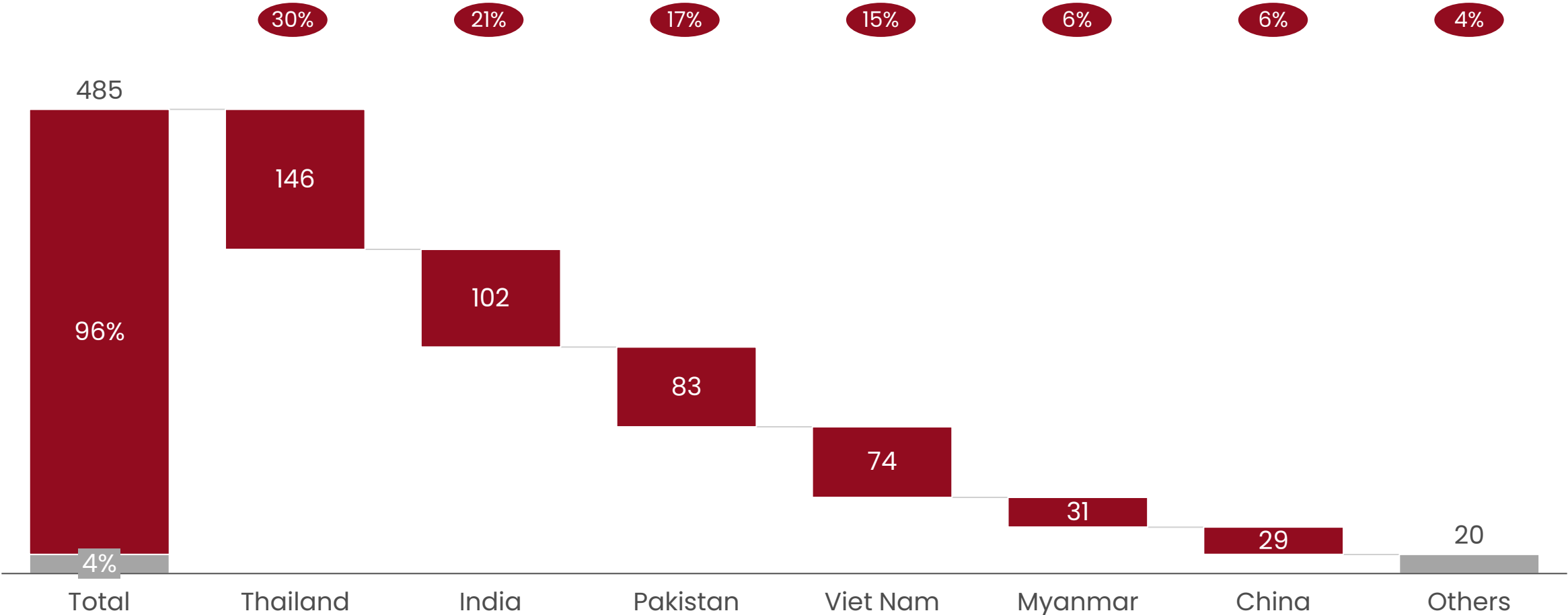
2. USAID study shows that on average Mozambique households spend ~6% of food expenditure on rice purchases, making it the 5th most relevant item budget-wise

Source: [FAOSTAT](#); [ITC Trade Map](#); [Ministério da Agricultura de Moçambique](#), [Rice for Africa](#), [Mozambique staple food market fundamentals](#), [Competitiveness Analysis of Local Rice to Imported Rice Mozambique](#), TradeMap, World Bank

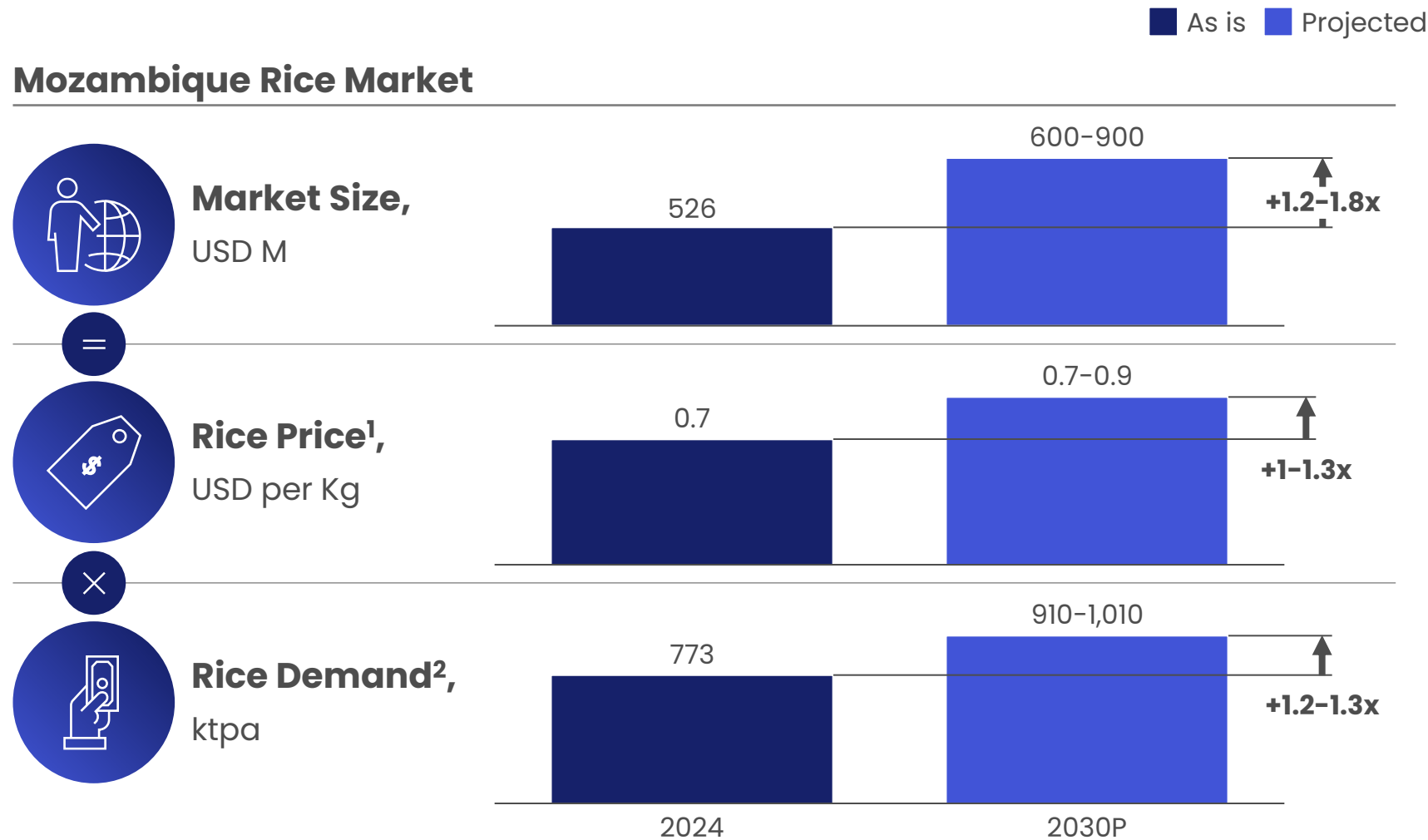
96% of total rice imported value in Mozambique was imported from 6 commercial partners, all from Asian countries

X Share of Mozambique's imports, %

Mozambican rice import partners, 2024, USD M



Mozambique's rice market is set to increase to \$600–900 Mn by 2030, creating a sizable near-term investment opportunity



Key insights

- Mozambique's rice market could grow up to ~\$600–900 Mn by 2030, representing a **~1.2–1.8x expansion in market value**
- Market value growth is driven by a combination of volume growth and price uplift, with **rice demand rising to ~910–1,010 ktpa by 2030, aligned with an expected population growth**

1. Considers a no change scenario (lower end) and a scenario with price increase in line with average YoY change from 2020–24
 2. Rice demand is projected by holding per-capita consumption constant at 22.3 kg/person and scaling with population growth considering UN Population Projection. The lower bound applies the median projection (historical median assumptions for fertility, mortality, and international migration), while the upper bound applies a higher population-growth case (i.e., higher fertility, medium mortality, and medium migration)

The investment into a vertically integrated rice production and milling facility is supported by 5 key pillars

Relevant market currently underserved...



Mozambique has a **sizeable rice market (\$530M)** growing ~6% p.a. since 2015, yet there is a **structural production gap as imports supply about 90% of total demand**

Population growth indicates that **the market value could further expand to \$1.2–1.5Bn by 2030**

Momentum to accelerate local production...



Policy reform might **stimulate domestic rice production** with new import restrictions and ICM centralization in 2026

Despite visible interest from international investors, current rice FDI **only meet ~23% of required capacity to achieve self-sufficiency by 2044**

Domestic premium increases competitiveness...



Locally produced rice can outperform imports on economics, capturing ~5–10 p.p. higher margins than medium-quality imports, while **quality upgrades and stronger branding could unlock an additional ~10% price premium** in a market that values local rice attributes

Institutional commitment to import substitution...



Government commitment to **drive domestic production**, guaranteeing **institutional support and investment to enhance competitiveness and streamline investment processes**

Attractive business case...



A strong and attractive business case, with **EBITDA of 25–30%, IRR of ~20–25%** and an estimated payback period of **4–5 years**

Mozambique is tightening the rice import regime and accelerating policy support for domestic rice production

New policy is set to be enforced starting on February 2026



Key insights

December 2025

Government issues two decrees to implement **restrictions on rice imports**¹, centralizing all imports through Mozambique Cereals Institute (ICM), aiming to **manage foreign reserves and stabilize prices**

February 2026

Restriction take effect, with concerns from private sector groups



1. Humanitarian imports are exempted from the restriction

Source: Press search

Despite increasing FDI interest, expected capacity increase can only meet ~23% of Mozambique's self-sufficiency target

Libyan investment plans to reach installed capacity of ~220 ktpa

Inaugurated a processing facility with installed capacity of 7.5 ktpa

Key insights



~227.5 ktpa

Of **additional milling capacity expected** with existing international investments in Mozambique, will bridge **only ~23% of the 900 ktpa required to achieve self-sufficiency by 2040**

It will be pivotal to **leverage current momentum to increase FDI attraction** across the Rice value chain to achieve the country's target

Nampula: Libya Plans to Invest in Industrial Rice Production

11/08/25 in Agribusiness Reading Time: 2 mins read

Share on Facebook Share on WhatsApp



Nampula could become one of the main rice production and processing centers in the country in the coming years, thanks to Libyan investment in the agricultural sector.

The initiative was announced after a meeting held on Friday.

Eduardo Elbuais stated: It was, in fact, from this perspective that he referred to the existence of guarantees and tax incentives, with a direct impact on the project, and reiterated the availability of APIEX, IP to provide institutional assistance to investors in the effective implementation of the program. Libya Africa Investment Portfolio is a government entity responsible for Libya's investment portfolio in Africa, which intends to expand its activities to Mozambique. It currently invests in several African countries, particularly in the agriculture, energy, hospitality, tourism and services sectors. (RM/Noticias)

Sofala already has an agro-industrial unit for rice processing in Mafambisse.

23/04/25 in Industry Reading Time: 1 min read

Share on Facebook Share on WhatsApp



A new agro-industrial unit dedicated to husking and processing rice was inaugurated this Tuesday (22) in the town of Mafambisse, Sofala province, constituting an important milestone in the national strategy to promote agro-industrialization and strengthen the rural economy.

With an installed capacity to process up to 7,500 tons of rice per year, the infrastructure is the result of a partnership between the State, represented by the Zambezi Agency, and the company Tongaat Hulett, fitting within the public-private cooperation model. The inauguration of the unit also falls within the East 400. The new factory in Mafambisse represents not only an investment in infrastructure, but also a strategic step towards the rational use of water and agricultural resources in the Zambezi Valley, promoting the inclusion of small producers in the industrial and commercial rice supply chain.

The investment into a vertically integrated rice production and milling facility is supported by 5 key pillars

Relevant market currently underserved...



Mozambique has a **sizeable rice market (\$530M)** growing ~6% p.a. since 2015, yet there is a **structural production gap as imports supply about 90% of total demand**

Population growth indicates that **the market value could further expand to \$1.2–1.5Bn by 2030**

Momentum to accelerate local production...



Policy reform might **stimulate domestic rice production** with new import restrictions and ICM centralization in 2026

Visible interest from international investors signal **growing confidence that the market is ready for FDI-led expansion across production and processing**

Domestic premium increases competitiveness...



Locally produced rice can outperform imports on economics, capturing ~5–10 p.p. higher margins than medium-quality imports, while **quality upgrades and stronger branding could unlock an additional ~10% price premium** in a market that values local rice attributes

Institutional commitment to import substitution...



Government commitment to **drive domestic production**, guaranteeing **institutional support and investment to enhance competitiveness and streamline investment processes**

Attractive business case...

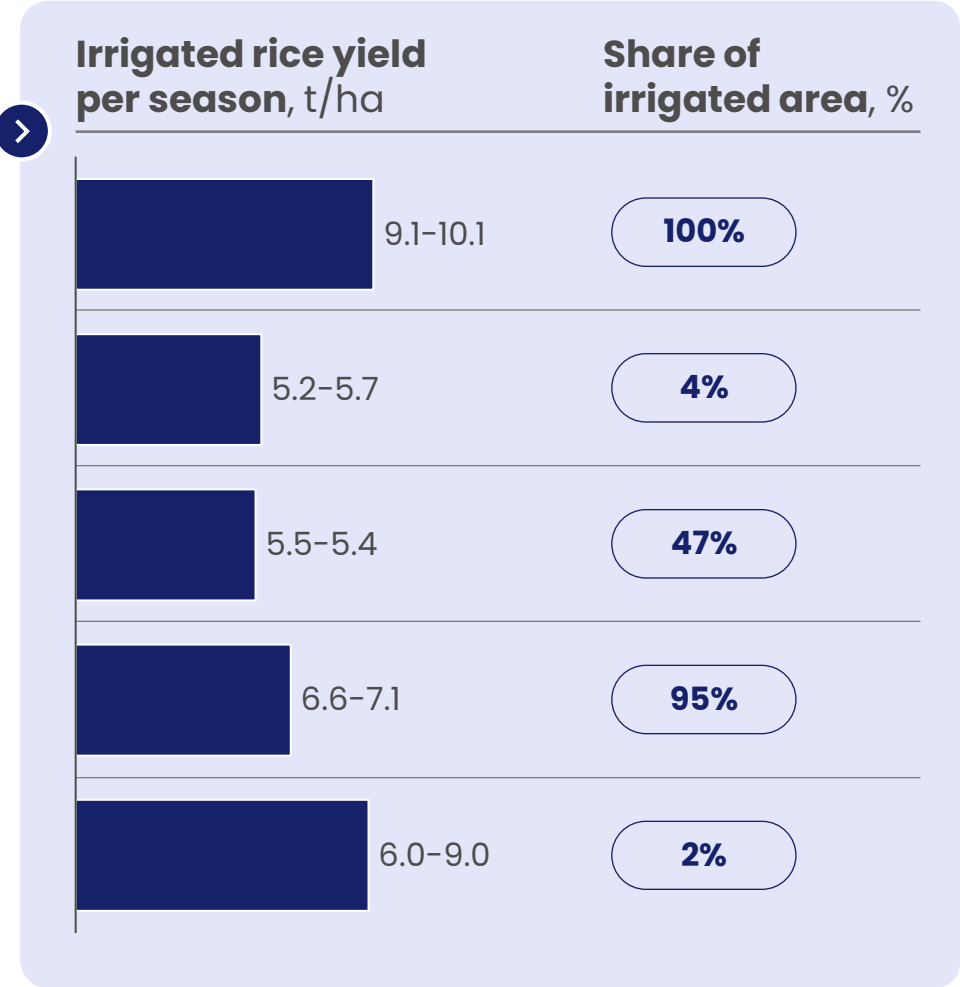
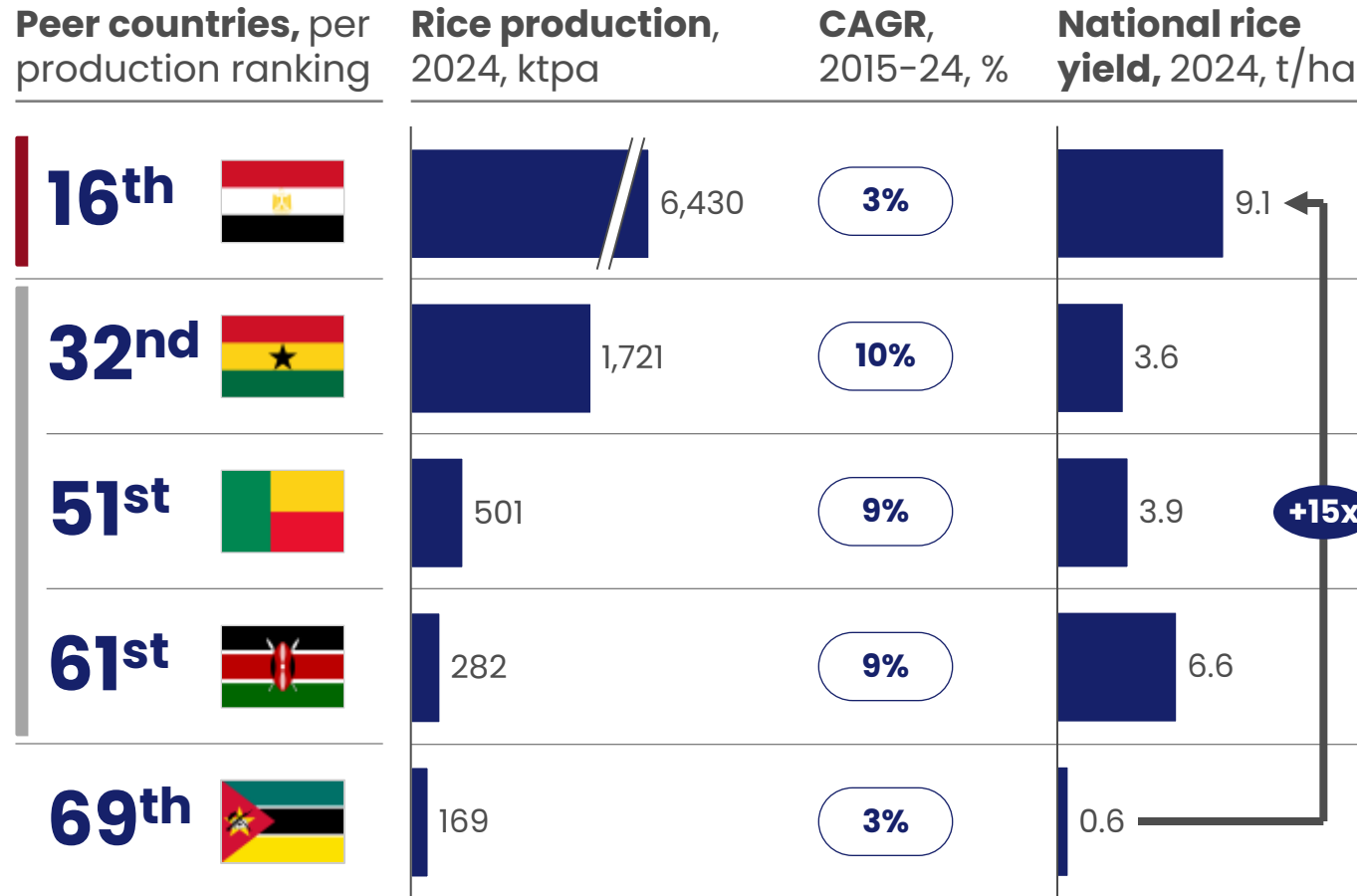


A strong and attractive business case, with **EBITDA of 25–30%, IRR of ~20–25%** and an estimated payback period of **4–5 years**

Mozambique has the potential to reach yields of top rice producers when receiving the necessary intensification inputs

Comparison to global top African country in yield and regional emerging countries

■ Top African yield ■ Top 3 emerging African producers

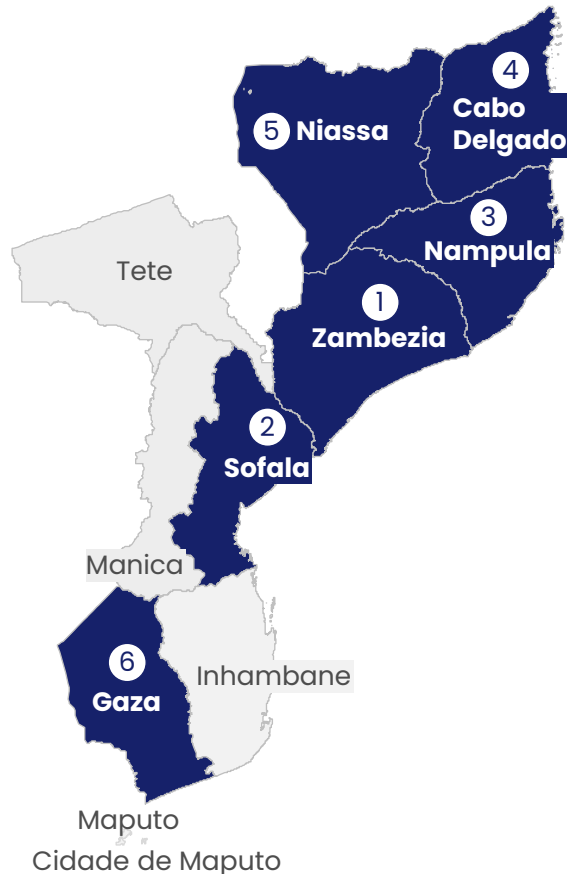


Total rice productivity in Mozambique could be further expanded by expanding rice production area by 3.3x to achieve full potential

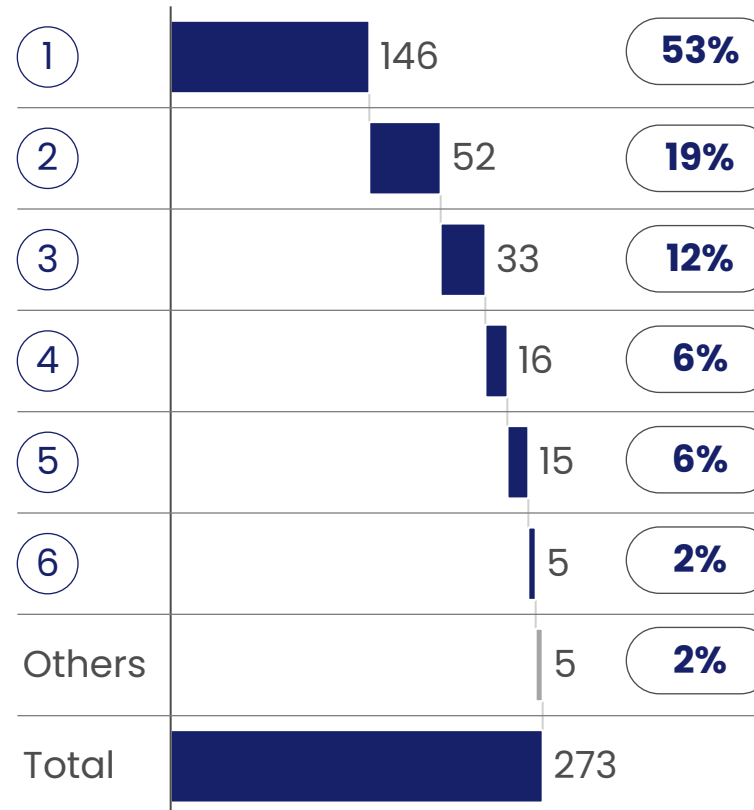
There is a total of 900,000 ha of suitable land for rice production

X Share of total, %

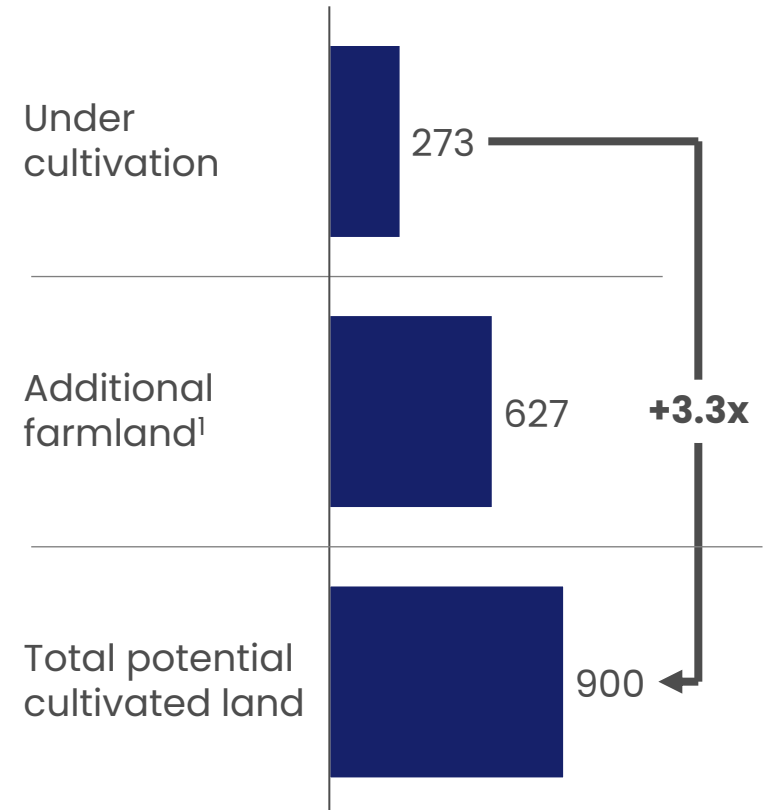
Main cultivation provinces for Paddy Rice



Current land under rice production, 2024, '000 ha



Available agricultural land suitable for rice, '000 ha








1. Government studies suggest there is 900,000 ha of land suitable for rice production in Mozambique, 70% of which is available for cultivation (626,918 ha)

Source: [Production and marketing trends of Soybean in Mozambique, JICA, Beira Agricultural Growth Corridor](#)

Locally produced rice has a ~18% total cost advantage compared to imports...

Rice cost to the supermarket¹, MZN per kg of milled rice

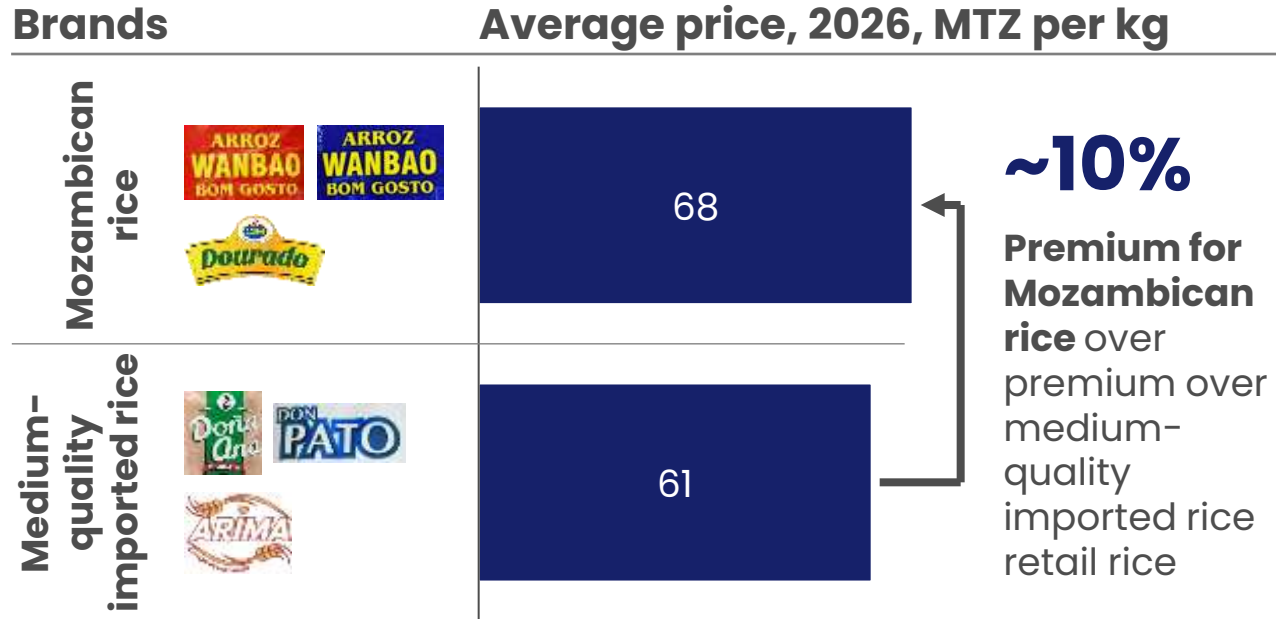
Category	Local production	Imports	Insights
 Irrigated production cost ²	22		
 Milling & Packaging	22		
 Port-gate price (CIF) ³		50	
 Import costs ⁴			3
 Total Cost	44	53	

Local milled rice has a structural cost advantage at source, with production plus milling/packaging at ~44 MZN/kg versus ~53 MZN/kg for imported rice delivered to port, a ~18% lower base cost

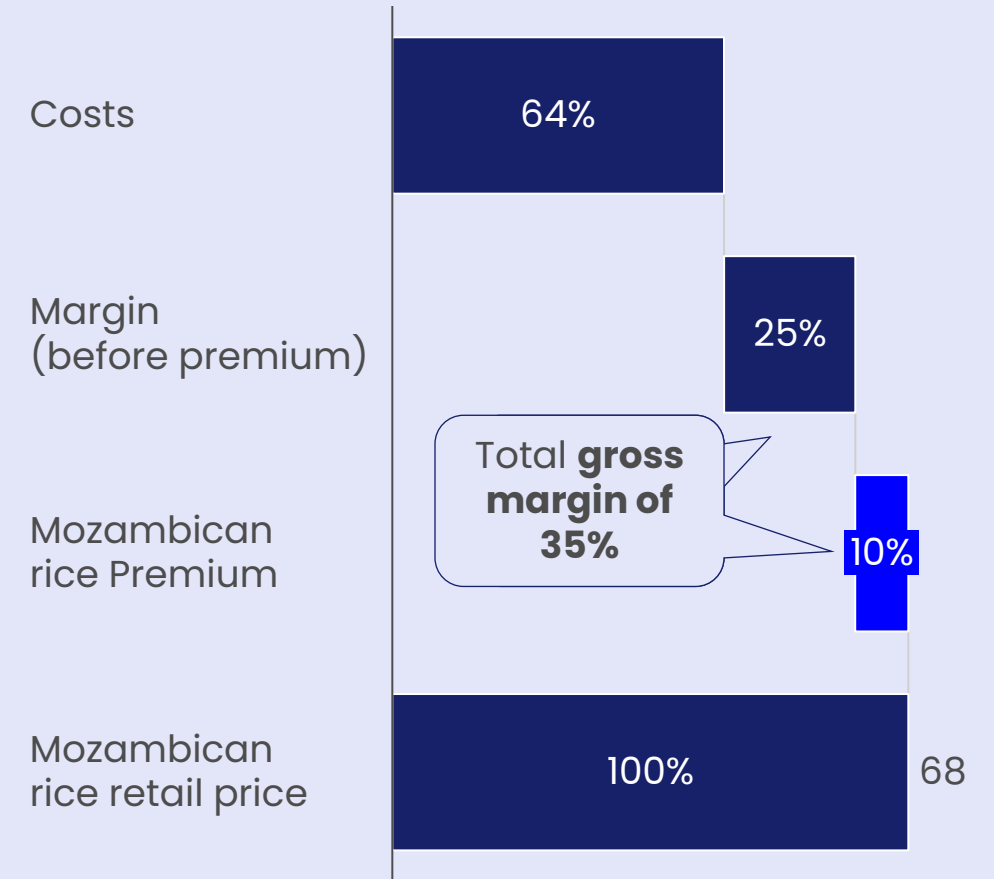
1. Production and import costs adjusted to 2024 inflation
2. Production cost considers average cost for irrigated rice cultivation and milling in Zambia (e.g., agricultural inputs, labour and post-harvest)
3. Assumes average price for regular quality imported rice arriving at Mozambican ports
4. Includes bureaucracy (e.g., documents) and handling costs | 5. Considers selling cost (e.g., labour and dealer's margin)

... which is enhanced considering the price premium over imports due to local valorization of Mozambican rice attributes

Consumers show a preference for Mozambican rice, which can command a premium price



Resulting in improved gross margins for domestically produced rice



Key qualities required to ensure premium capture

- High-quality reliability (e.g., aroma, stickiness and cooking performance)
- Cleanliness (e.g., absence of foreign matter)
- Premium appearance (e.g., translucent, uniform grain size)
- Consistent market availability

Five key pillars create structural advantages for a vertically integrated rice investment in Mozambique

Relevant market currently underserved...



Mozambique has a **sizeable rice market (\$530M)** growing ~6% p.a. since 2015, yet there is a **structural production gap as imports supply about 90% of total demand**

Population growth indicates that **the market value could further expand to \$1.2–1.5Bn by 2030**

Momentum to accelerate local production...



Policy reform might **stimulate domestic rice production** with new import restrictions and ICM centralization in 2026

Despite visible interest from international investors, current rice FDI **only meet ~23% of required capacity to achieve self-sufficiency by 2044**

Domestic premium increases competitiveness...



Locally produced rice can outperform imports on economics, capturing ~5–10 p.p. higher margins than medium-quality imports, while **quality upgrades and stronger branding could unlock an additional ~10% price premium** in a market that values local rice attributes

Institutional commitment to import substitution...



Government commitment to **drive domestic production, guaranteeing institutional support and investment to enhance competitiveness and streamline investment processes**

Attractive business case...



A strong and attractive business case, with **EBITDA of 25–30%, IRR of ~20–25%** and an estimated payback period of **4–5 years**

Government guarantees full support to investors to ensure the success of rice production as well as the industrial processing

Rice Seed



Establish a **dedicated fast-track line** for rice seed certification and **guarantee timely and sufficient supply of preferred varieties of basic seeds** each season

Rice Production and Milling



Guarantee **~25 years of exploring rights** (incl. water-use rights) **to a 2,600 ha of agricultural land** near the Zambézia milling facility; the land should have **existing irrigation infrastructure** that may require rehabilitation



Enforce an **agribusiness reduced water tariff of 0.39MZN per m³ for ~25 years**, including commitment to perform any infrastructure rehabilitation required to ensure reliable access (e.g., dams and canals)



Grant access and operating rights for ~25 years to the Zambézia milling facility (50 ktpa installed capacity) reduce time to market and de-risk scale-up for international investors

Overarching Impact



Ensure application of current **reduced corporate tax for agricultural business of 10%** vs. the original 32% and application of **accelerated depreciation** (50% of useful life)



Ensure application of **0% import duties and VAT exemption¹** on capital goods (e.g., irrigation and machinery) and agricultural inputs (e.g., fertilizers and herbicides) imports to reduce production costs

Government's rice milling facility and productive land in the heart of Zambézia region could be leveraged for the investment play

Existing structure can be leveraged to quickly ramp-up operations

Storage facilities (paddy & milled rice)



Storage facility (husk)



Rice quality control laboratory



Rice milling facility



Key informations

- The Zambézia rice mill offers a ready-made entry platform with ~50 ktpa installed capacity and adjacent irrigated agricultural land to enable an end-to-end integrated operation
- Estimated rehabilitation investment required of ~\$0.5–0.7M can quickly ramp-up operations

Five key pillars create structural advantages for a vertically integrated rice investment in Mozambique

Relevant market currently underserved...



Mozambique has a **sizeable rice market (\$530M)** growing ~6% p.a. since 2015, yet there is a **structural production gap as imports supply about 90% of total demand**

Population growth indicates that **the market value could further expand to \$1.2–1.5Bn by 2030**

Momentum to accelerate local production...



Policy reform might **stimulate domestic rice production** with new import restrictions and ICM centralization in 2026

Despite visible interest from international investors, current rice FDI **only meet ~23% of required capacity to achieve self-sufficiency by 2044**

Domestic premium increases competitiveness...



Locally produced rice can outperform imports on economics, capturing ~5–10 p.p. higher margins than medium-quality imports, while **quality upgrades and stronger branding could unlock an additional ~10% price premium** in a market that values local rice attributes

Institutional commitment to import substitution...



Government commitment to **drive domestic production**, guaranteeing **institutional support and investment to enhance competitiveness and streamline investment processes**

Attractive business case...



A strong and attractive business case, with **EBITDA of 25–30%, IRR of ~20–25%** and an estimated payback period of **4–5 years**

A vertically integrated rice production and milling facility presents an attractive investment case with strong returns...

Economics for operationalizing Zambézia's vertically integrated rice production and milling

IRR

~30-35%

NPV

~\$70-80 M



Payback time

~5-6 years

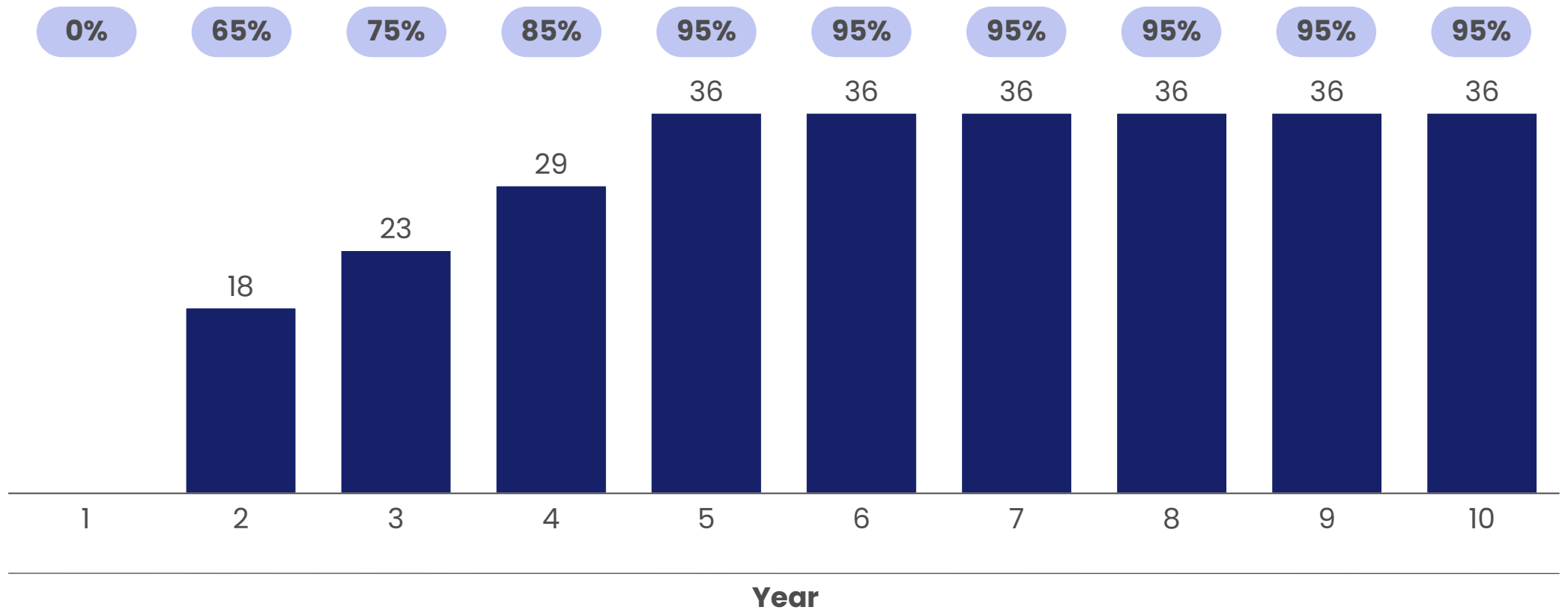
CAPEX

~\$16-18 M

...generating ~\$35Mn in annual revenue at steady state, achieving EBITDA margins of ~26%

Economics for a rice milling plant with 50 ktpa capacity, Rice milling revenue, USD M

Capacity utilisation, %












EBITDA Margin, %












- 1 Earnings Before Interest, Taxes, Depreciation and Amortization. Further margin details (i.e., EBIT and net profit) would require accounting for CAPEX depreciation and tax considerations
- 2 Internal Rate of Return. Based on nominal cash flows -- does not account for time value of money

Potential investors (1/2)

Company	Country	Description/ Relevance	Country of operations	Revenue, USD Bn	Presence in Sub-Saharan Africa
		Agribusiness group that operates a globally integrated rice business across Asia and selected African markets (e.g., Tanzania for production)	+50	70	✓  +9 more
		Agro-industrial company involved in large-scale processing and export-oriented value chains	13	15	✓  +8 more
		Leading global rice merchant and integrated rice value chain player across key producing regions such as Nigeria and Vietnam.	+60	42	✓  +2 more

Potential investors (2/2)

Company	Country	Description/ Relevance	Country of operations	Revenue, USD Bn	Presence in Sub-Saharan Africa
		Leading cereal producer supporting Senegal's rice self-sufficiency and food sovereignty agenda , as a large integrated rice producer in Senegal	1	25	✓ 
		Venture capital and impact investing company, taking long-term, active ownership stakes in high-growth SMEs in East Africa with potential to become national or regional champions	2	0.2	✓  
		Agro-industrial company involved in large-scale processing and export-oriented value chains	1	N/A ¹	✓ 