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

Strategy Report

March-April 2026

UKaid
from the British people

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

Content

Our program emerges as a first immediate step after signature of the Green Growth Compact between UK and Mozambique

GoM and UK have recently signed a Inclusive Economic Growth Compact, **aimed at unlocking up to US$3 billion of UK investment to drive climate-smart, inclusive economic growth in Mozambique**

Baroness Chapman and Salim Vala, Minister of Planeamento e Desenvolvimento signing the GGC

*Under the broader IEGC scope, the UK FCDO has launched the **Green Manufacturing in Mozambique to identify manufacturing opportunities** across the country's priority value chains…*

*… which currently represents a **bilateral operational effort between GoM and UK FCDO***

Project Operational team

REPÚBLICA DE MOÇAMBIQUE

Foreign & Commonwealth Office

McKinsey & Company

Through MA program

During this study we have conducted a series of engagements with the ecosystem to understand the context and identify interventions

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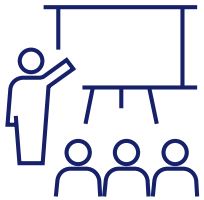
Interviews conducted with private sector (JFS, Permanuts and others) and public institutions (IAM, IAOM, ICM and others) to validate opportunities identified and understand current FDI ecosystem blockers



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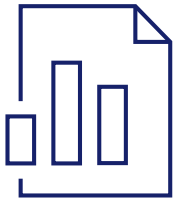
Alignment workshop facilitated to unlock strategic discussions on key initiatives to enhance FDI attraction in the country



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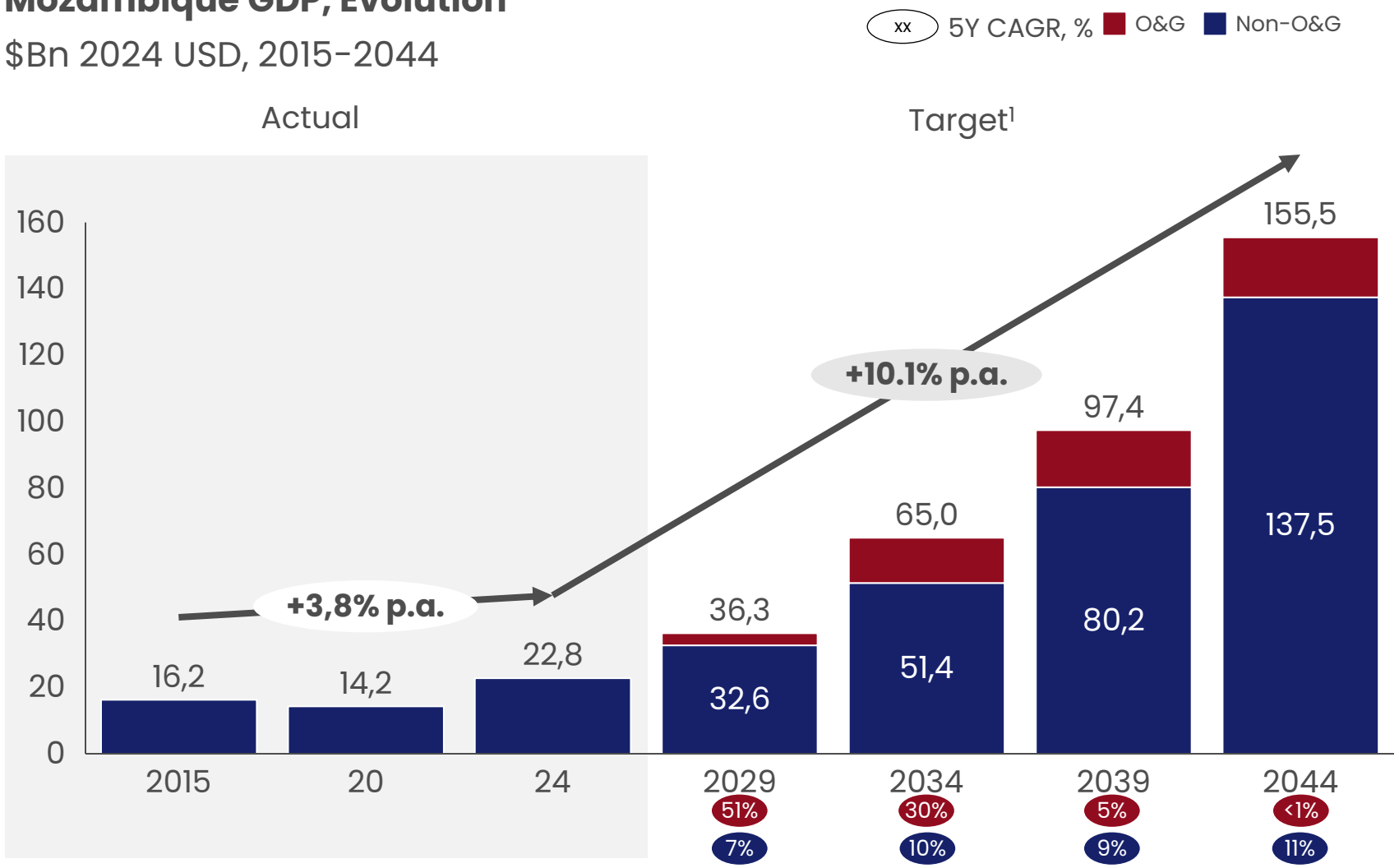
Strategy and economic development reports analyzed to aggregate a consensus view on priority value chains for growth

Content

Mozambique aims to grow GDP by $133 Bn or ~7x by 2044, accelerating annual growth primarily through non-O&G sectors

Mozambique GDP, Evolution

$Bn 2024 USD, 2015-2044



1. GDP/Capita projected using expected population from national strategy document

Key insights

- Between 2015 and 2024, **GDP growth averaged 3.8% p.a.**, with **insecurity, COVID-19, and extreme weather events** (e.g. Idai) adding significant **challenges**
- The **O&G sector is expected to see most of its growth in the next 10-15 years**, while **other sectors are expected to grow steadily around 9% p.a.** through 2044

Manufacturing Africa

Source: ENDE (Governo de Moçambique); Mate, 2024; World Bank;

Funding 2044 growth will require $230-400 Bn USD invested, averaging $~12-20Bn per annum, ~2-4x base-case scenario

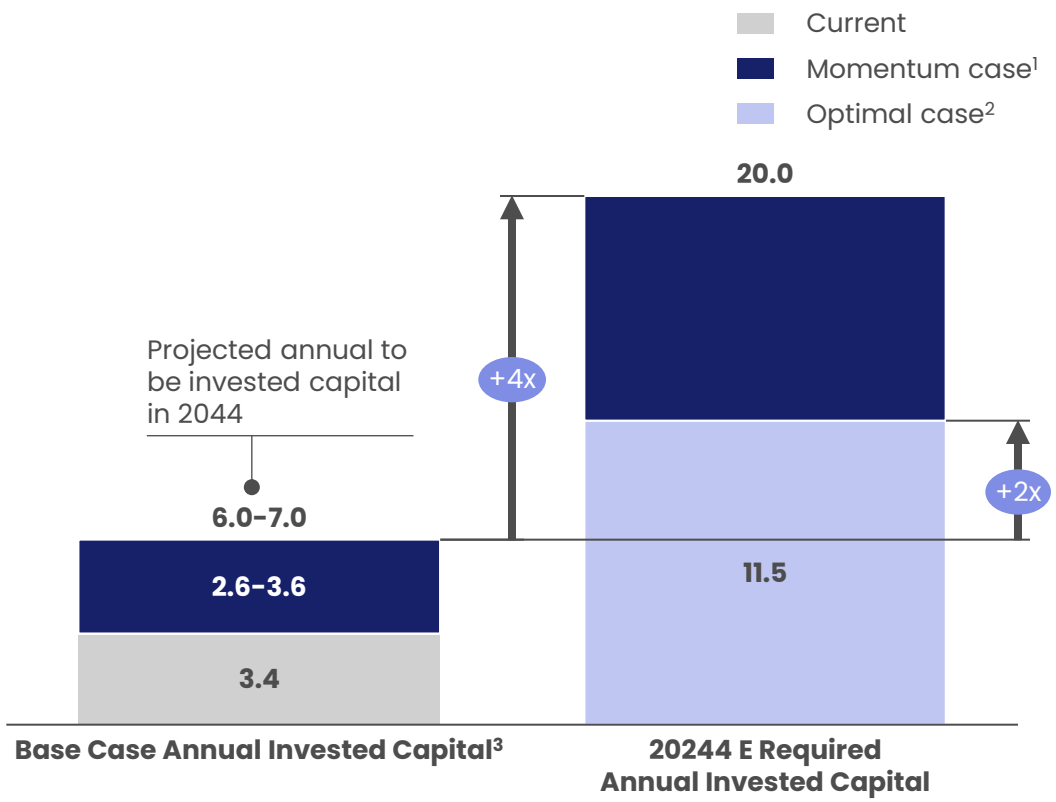
PRELIMINARY

230-400

Required 20-year capital investment, Bn $ USD

Reaching 2044 goals of $137.5 Bn non-O&G GDP will require a $230 Bn investment in non-O&G sectors, per ENDE estimations. However, taking Mozambique's historical capital productivity indicates the need may reach $400 Bn

Annual invested capital increase required to reach target, Bn $ USD



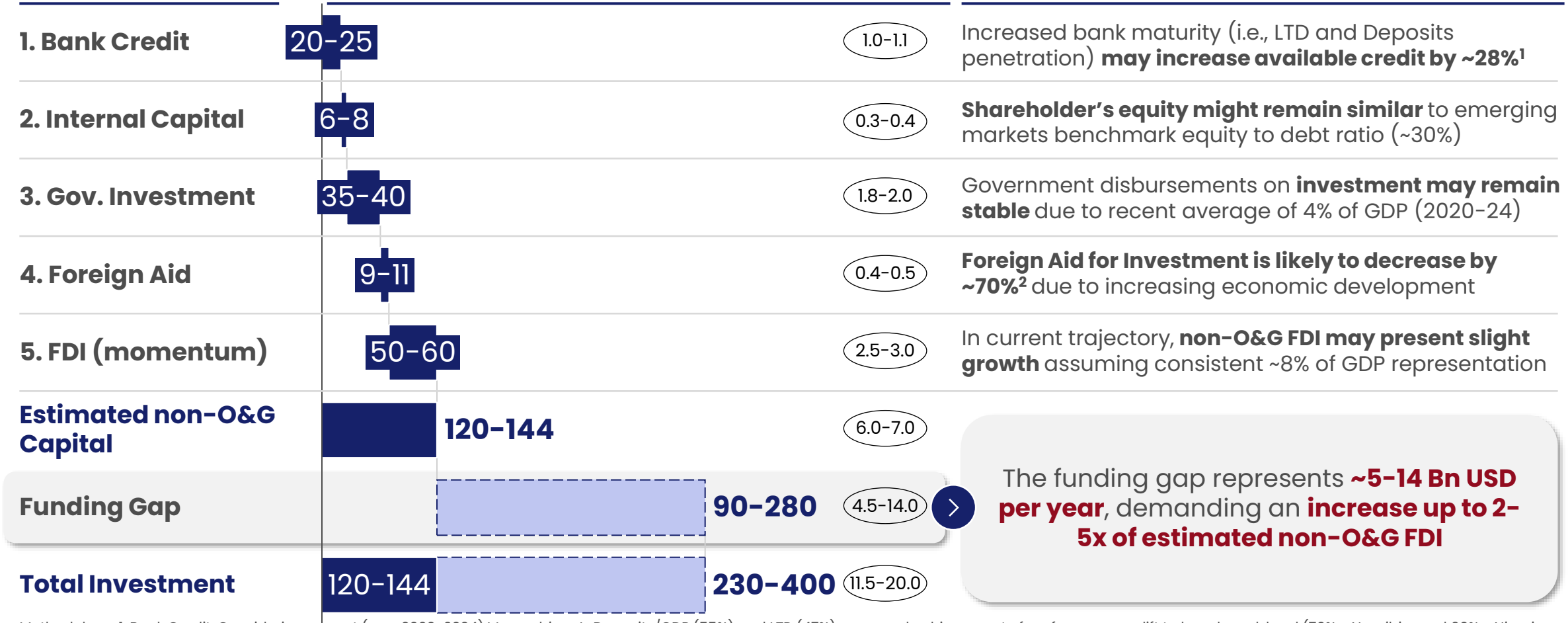
Source: ENDE 2044, Oxford Economics

1. Upper investment range was estimated using the 2021-25 incremental capital-output ratio (ICOR) of 3.94 as an investment multiplier to reach target 2044 non-O&G GDP
2. Lower investment range was estimated from the ENDE estimated $263Bn needed to reach 2044 growth targets, adjusted for the non-O&G share of target GDP, implying an ICOR of ~2
3. The value of investment in tangible and intangible capital goods in 2024 expressed in US dollars, at market exchange rates

There is an annual funding gap of ~5-14 Bn USD to achieve the investment necessary reach the target 2044 GDP

PRELIMINARY

(xx) 20-yr annual average



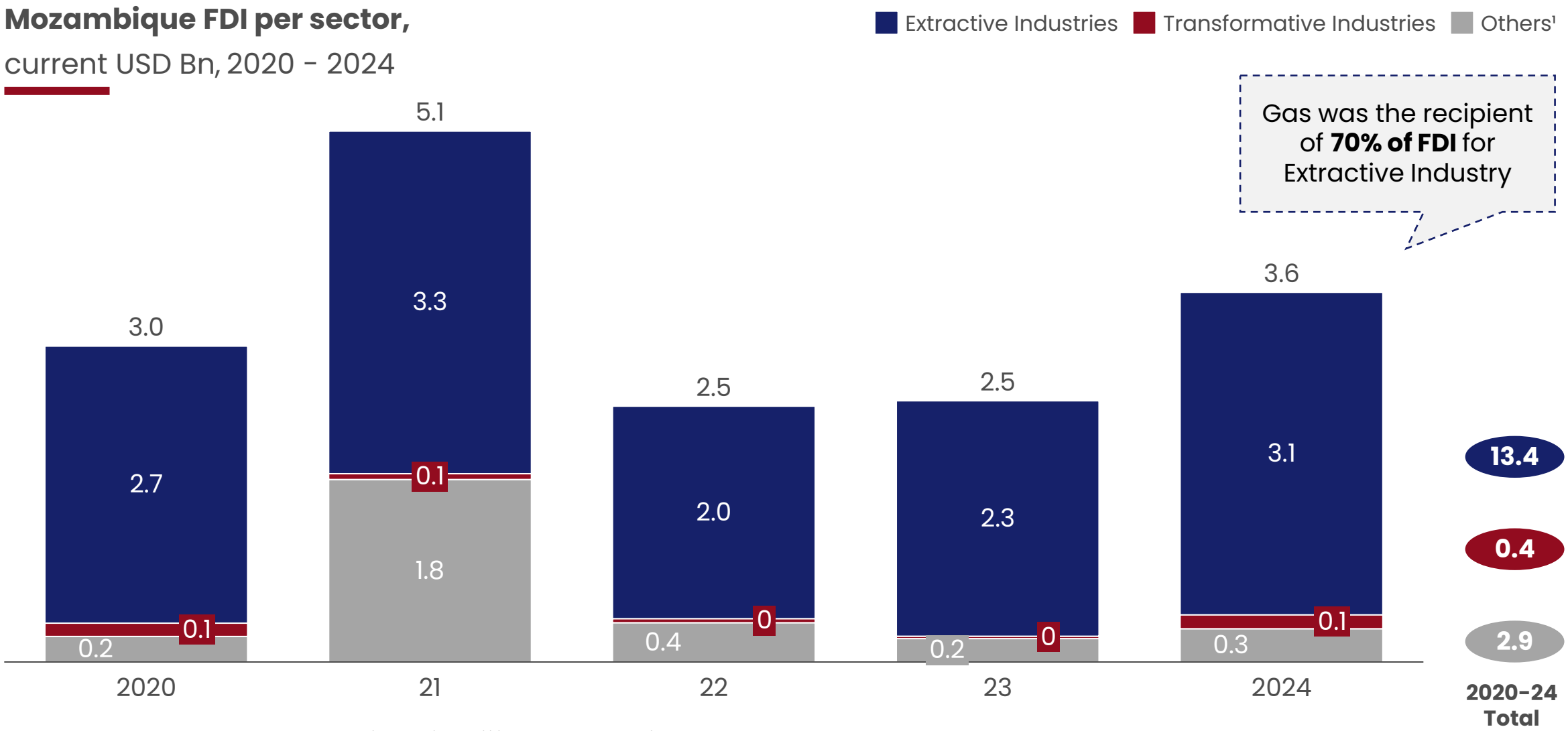
Methodology: 1. Bank Credit: Considering current (avg. 2020-2024) Mozambique's Deposits/GDP (55%) and LTR (47%), assumed achievement of performance uplift to benchmark level (70% - Namibia; and 60% - Nigeria, respectively) in 2044 minus the equity to debt ratio, to calculate yearly availability of non-O&G credit considering target GDP, a 7-year loan period for funds re-availability, and assuming 45% of total credit is loaned to business, 20% of this is destined to non-O&G sectors, and 40% of that is loaned to CAPEX investment | 2. Internal Capital: Considers as proxy the average equity to debt ratio for Banks in Mozambique (14.7%) | 3. Gov. Investment: Assumes current Investment Spending (internal component only) / GDP will remain the same by 2044 | 4. Foreign Aid: Assumes that ODA/GDP proportion will decrease to the level of transforming economies (i.e., Angola), inversely proportional to economic growth | 5. FDI (momentum): Assumes that the average non-O&G FDI/GDP proportion will remain the same until 2044

1. Compares current Deposits/GDP and LDR scenario vs. the improvement of both metrics to benchmark level
2. Considering Investment Aid only; compares current ODA/GDP scenario vs. the ODA/GDP proportion of a country on an advanced economic development Journey (i.e., Angola)

Source: Banco de Moçambique, Bolsa de Valores de Moçambique, Ministério das Finanças, OECD, World Bank Group

FDI in Mozambique has seen limited growth in recent years, and has been overwhelmingly biased towards extractive industries

Mozambique FDI per sector,
current USD Bn, 2020 - 2024



1. Others consider services, utilities, real state, education, and healthcare
2. Breakdown of FDI destination per product on 1-3 trimesters 2024

Source: Balança de Pagamentos Anual 2024 e 2025; Balança de Pagamentos 3 Trimestre 2024; World Bank Group

Stagnant and O&G-concentrated FDI could be partially explained by structural factors like governance and business infrastructure…

NON-EXHAUSTIVE

Global percentile rank
<25th >50th

Sub-Dimension[1]	Metric	Measure	Percentile rank	Critical for success	Data source
Access to utilities	Access to electricity, *% of population*	**36**			World Bank
Labour regulations	Labour freedom, *score /100*	**48**			Index of Economic Freedom, Heritage Foundation
Financial services	Financial freedom, *score /100*	**40**			Index of Economic Freedom, Heritage Foundation
Monetary freedom	Monetary freedom, *score/100*	**72**			Index of Economic Freedom, Heritage Foundation
Ease of international trade	Trade freedom, *score/100*	**74**			Index of Economic Freedom, Heritage Foundation
Taxation	Tax burden, *score/100*	**75**			Index of Economic Freedom, Heritage Foundation
Rule of law	Rule of law index, *score /100*	**36**			World Governance Indicators, World Bank
Institutional integrity	Control of corruption index, *score /100*	**26**			World Governance Indicators, World Bank

1. Adapted from World Bank Business Ready framework, which does not yet include Mozambique, with reliably available data: Business entry, Business location, Utility services, Labour, Financial services, International trade, Taxation, Dispute resolution, Market competition, Business insolvency

Source: Heritage Foundation, World Bank

… while it could also be explained by limitations within the current development ecosystem, a key enabler of effective FDI

Conditions to support effective FDI at scale include

Input to investor decision — Active investor participation — Focus of diagnostic

Investor journey

Country intrinsics	Investor attraction	Project execution
Ensure good policy to shape Mozambique's intrinsic strengths	Craft and communicate a compelling value proposition of investing in Mozambique	Guarantee seamless execution and operation of investment projects

Engagement between ecosystem and investors to optimize each stage of the investor journey

Development ecosystem

- APIEX
- Government
- Bilateral Institutions
- Multilateral Institutions
- Private Sector

The development ecosystem comprises 5 main groups of stakeholders involved in attracting FDI

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Main FDI actor within ecosystem

	Stakeholder	Role in FDI attraction
1 APIEX	Investment and Export Promotion Agency (APIEX)	Attract and facilitate FDI and exports, support investors along their journey
2 Government	Ministry of Planning and Development	Lead national planning and investment coordination, and M&E[1] of public policies
	Ministry of Economy and Finance	Drive development policy and public investment planning
	Presidential Delivery Unit	Ensure the outcomes and results of the President's top priorities and FDI goals
	Sectorial Ministries	Support sector prioritization, and issue sector-specific permits and approvals
	Regulators & permitting	Establish guardrails and supervise investment via permitting and regulations
3 Bilateral institutions	Mozambique missions abroad	Represent Moz interests and advance bilateral objectives abroad
	Foreign missions in Mozambique	Represent foreign companies' interests in Moz through diplomatic engagement
	Bilateral chambers of commerce – MSCC, CCNM	Represent foreign member firms and strengthen investment/trade links
	Bilateral development agencies – FCDO, AFD, SDC	Lead and coordinate select foreign investment, public and private, and aid in Moz
4 Multilateral institutions	Development finance institutions – IFC, AfDB, IMF	Support macroeconomic stability & finance public and private projects
	European Chamber of Commerce (EUROCAM)	Represent interests of European investors and strengthen investment/trade links
	United Nations Agencies – UNDP, FAO, etc.	Implement programmes aligned with UN sustainable development goals
5 Private sector	Confederation of Economic Associations (CTA)	Represent private sector through formal dialogue with GoM[2] on business climate
	Industrial Association of Mozambique (AIMO)	Advocate for an environment enabling the manufacturing sector in Moz
	Chamber of Commerce of Mozambique (CCM)	Support members' competitiveness and commercial development
	Private stakeholders	Invest and operate projects in Moz, in line with ecosystem priorities
	Other chambers of commerce	Represent and advocate for the interests of members and relevant industries

1. Monitoring & Evaluation
2. Government of Mozambique

Stakeholder alignment within the ecosystem can be assessed across six dimensions, with other countries' success as a guide

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Dimensions	Description
1 **Strong central coordination**	Central coordination authority owning end-to-end strategy, prioritization, and delivery across the development ecosystem
2 **Broad ecosystem alignment**	Ecosystem-wide alignment, synchronizing priorities, messaging, and interventions to remove barriers to effective FDI
3 **Effective delivery capacity**	Execution capacity at pace, translating commitments into investable projects via streamlined setup and approvals
4 **Robust performance monitoring**	Performance management discipline, leveraging clear KPIs and routine monitoring to deliver well communicated and well measured results
5 **Inclusive stakeholder representation**	Structured stakeholder feedback loop, enabling fast, inter-stakeholder issue resolution and course correction
6 **Clear communication & promotion**	One coherent investment narrative, consistent across promoters and amplified through wide, sustained communication

Mozambique's current ecosystem has opportunities for improvement that could help it better attract and support FDI

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Not implemented | Fully implemented

Dimensions	Best practice		Scoring in Mozambique	Explanation
1 **Central coordination**	1.A	Single agency that is a coordinating body for any matter concerning FDI		APIEX is only in charge of investments and exports; economic development lies elsewhere in the ME
	1.B	IPA[2] is empowered by and reports to top executive office of the country		APIEX sits under the tutelage of the ME
2 **Ecosystem alignment**	2.A	Economic development stakeholders are aligned on priorities, and organised to cover any gaps without overcrowding		No mechanism to map out roles of economic development stakeholders, subsequent siloing and limited coordination
3 **Delivery capacity**	3.A	Fully integrated platform for business setup and approvals with regulatory requirements clearly communicated		Business setup in BAU, but opaque regulations often open to interpretation remain under sectoral ministries
	3.B	End to end support from deal initiation to execution and aftercare with formal grievance escalation mechanism		Limited and retroactive post-investment support from APIEX
	3.C	Regional platforms to provide operational support		Underdeveloped regional APIEX branches
	3.D	IPA is staffed with the right people and aligns recruitment competitively to attract talent beyond the public sector pool		Reported challenges from investor experience, lack of dedicated people in roles that need a point person
4 **Performance monitoring**	4.A	Specific, measurable goals and KPIs set for FDI and economic development, and tracked by a predefined entity		Goals outlined in PQG, unclear how effective the tracking mechanism is
	4.B	Progress towards development objectives is communicated across the ecosystem		Limited communication of development objective progress, outside national strategies
	4.C	State of business environment and regulatory framework is communicated through regular reports		No regular reporting of the state of the business environment and regulatory framework performance
5 **Stakeholder representation**	5.A	Regular PPD[1] led by central investment attraction and development agency		Regular PPD meeting (CASP), led by CTA rather than APIEX
	5.B	Working groups convening multiple parties on specific issues to quickly resolve problems		Working groups organised by CTA, with limited APIEX participation
	5.C	High private sector participation in working groups and PPD		Private sector not fully represented in working groups and PPD
	5.D	PPD reaching beyond businesses to ensure alignment with broad socioeconomic development goals		Limited focus of PPD beyond business environment
6 **Communication & promotion**	6.A	Messaging and promotion consolidated within central investment agency		Promotion and marketing not consolidated within APIEX
	6.B	Collaboration with foreign mission network to promote investment opportunities		Limited use of foreign missions to promote investment opportunities
	6.C	Pipeline of bankable projects to present to investors		No pipeline of bankable projects, many start from zero

1. Public-private dialogue
2. Investment promotion agency

Rwanda, facing ambitious growth targets and a fragmented ecosystem, created the Rwanda Development Board to enable FDI

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Context

- **Rwanda was one of the poorest countries in the world** following the 1994 genocide with an ambition to accelerate growth
- **An ambitious 20-year growth plan was established in 2000,** with a need for significant investment to move the needle towards GDP objectives
- **Rwanda was heavily aid dependent,** with limited FDI flows and a fragmented development ecosystem
- **The regulatory environment was fragmented** across several different ministries and heavy

What was done

1. **Rwanda Development Board (RDB) was created to unify 8 institutions** under a one-stop agency to propel the country through private sector growth
2. **RDB expanded beyond the role of a traditional investment promotion agency, acting as a delivery engine for economic development** by consolidating all necessary steps to realise a project under one comprehensive institution
3. **RDB was created to operate with the efficiency of a private-sector business**, run by a CEO and board of directors and operationally independent from the budgetary constraints of typical public institutions
4. **Reporting directly to the executive office,** RDB was empowered to coordinate across ministries and the development ecosystem to enable effective FDI

Impact

Centralised investment and development board attracted impactful FDI at scale and accelerated Rwanda's growth trajectory

10x

FDI flow growth

2x

GDP per capita growth

0.11

HDI score improvement

Source: McKinsey Global Intelligence, Rwanda Development Board, UNDP, World Bank

What makes the Rwanda Development Board stand out today?

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RDB | RWANDA DEVELOPMENT BOARD

Super-agency combining investment promotion and economic development mandates in Rwanda, doubling GDP per capita since creation, and increasing FDI flows by 10x

Category	Core functions
Typical IPA	Investment Marketing & Facilitation
Typical IPA	Investor Aftercare & Assistance
Typical IPA	Transactions Support & Structuring
Typical IPA	SEZ Registration & Export Facilitation
RDB	Priority Investment Strategy and Monitoring
RDB	Business, Property, and Financial Permitting
RDB	Tourism Promotion & Enablement
RDB	Tourism & Hospitality Regulation

Key differentiating factors

- Independently sets development strategy and sector prioritisation
- Run by a CEO who reports directly to the president
- Supported by a board of private sector experts and entrepreneurs
- Maps investors and donors with priorities through division of labour
- Case officers assigned to each investor
- Full integration of all administrative processes under a central OSS
- Private-public dialogue secretariat sits within RDB
- Merit based recruiting with internationally competitive compensation
- Offices abroad in target markets Quebec, Shenzhen, and Istanbul
- Broad income tax and import VAT exemptions for new investors

Source: Rwanda Development Board

With comparable baselines and ambitions for growth, Mozambique could look to Rwanda's RDB as inspiration for a strong IPA

NON-EXHAUSTIVE

How does Rwanda in 2007 compare to Mozambique today?

Context	Rwanda in 2007	Mozambique today	Metric
Similar baseline per capita GDP…	**497**	**606**	GDP per capita, *Constant USD*[2]
…with similar ambition for its 20-year growth	**4.9x**	**4.8x**	20y GDP/capita growth target, *multiple*
Low share of FDI in baseline GDP	**2.1**	**1.8**	FDI over GDP, *%*
High share of aid in baseline GDP	**19**	**14**	Development aid over GDP, *%*
Weak regulatory environment	**25th**	**25th**	Regulatory quality, *WGI*[1] *percentile rank*
Low HDI score	**0.467**	**0.493**	Human development index, *score*

What can an RDB-style development board bring to Mozambique?

- **Economic execution,** through effective attraction, conversion, and retention of investors
- **Problem solving authority** through vertical integration of the enabling steps of the investor journey
- **Coordination of public and private sectors**, through centralised authority and empowerment by the executive office
- **Simplified regulatory processes,** through consolidation of regulatory approvals under one agency
- **Reinforced institutional capacity**, though budgetary, hiring, and strategic independence allowing for world-class talent and private sector efficiency

Source: McKinsey Global Intelligence, Rwanda Development Board, UNDP, World Bank

Addressing the gaps identified on the FDI enabling ecosystem could be achieved by implementing 13 cross-cutting interventions

PRELIMINARY

Priority initiatives

	Intervention	Description
1	APIEX elevation to Autonomous Investment Authority	APIEX elevated to autonomous national authority for FDI, reporting to top executive office with a mandate to enable and execute priority investments, and enabled by budgetary independence and best-in class talent experienced in investment promotion
2	Sectoral Wide Approach (SWAp) Division of Labour Framework	Role allocation model, aligned with stakeholders, defining responsibilities and priorities by value chain, and meeting cadence to align across ecosystem
3	Private Sector Representation Strengthening Programme	Capability building and mapping of sector players, increase reach of representation, and effectiveness of advocacy in PPD by private sector groups
4	Annual competitiveness & investment climate review	Action-oriented annual review benchmarking regulatory performance and reform progress, translating diagnostics into targeted recommendations
5	Integrated Set-up & Regulatory compliance one-stop shop	End-to-end digital platform integrating registration, licensing, regulatory approvals & compliance, and payments into a single interface
6	Regional Investment Delivery & Ownerhsip Programme	Strengthened regional APIEX branches with clear attraction, facilitation, and aftercare mandates tied to measurable development targets
7	Strategic investor lifecycle management programme	Dedicated relationship managers assigned to priority investors to support attraction, delivery, aftercare & retention, and reinvestment
8	Investment pipeline & delivery management system	Centralized digital dashboard tracking priority projects, approvals, and bottlenecks in real time to enable proactive intervention and coordination
9	National FDI & Economic development monitoring system	Standardized KPI and SLA architecture linking sector strategies to institutional mandates, with clear accountability and ecosystem wide performance tracking
10	Delivery & rapid reform steering team	Time-bound, sector-focused reform labs bringing decision-makers and private sector actors together to unblock operational barriers and deliver solutions
11	Foreign mission investment promotion program	Foreign missions formally mandated and equipped to target priority sectors and markets, coordinating investor outreach and pipeline with APIEX
12	Mozambique Investment summit	High-level investment forum structured around fast-track and bankable opportunities, designed to drive deal conversion and investor matchmaking
13	Mozambique Bankable Projects & Digital data room platform	Live pipeline of investment-ready projects supported by a secure digital data room with financial, regulatory, and technical documentation for due diligence

Evidence demonstrates that large-scale FDI transformation is empowered by a focus on deal execution

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XX Focus of our project

Experience in economic development across the world has shown that large-scale FDI attraction depends on a combination of a supportive ecosystem and disciplined, ***transaction-focused efforts in investment origination and execution****, rather than on isolated reforms alone*

Successful cases are based on a deals-to-rules approach

1 Adopt a deals-obsessed mindset

- Shift from policy discussions to transaction execution
- Define a bold *wishlist* of transformative projects
- Shortlist a Top 10 to execute immediately and create momentum

2 Then build the rules to scale

- Use early wins to formalize governance, coordination, and delivery
- Turn what worked into repeatable processes
- Move from isolated deals to a scalable investment engine, i.e., RDB-style agency

Adopting a deals-led approach could entail focusing on unlocking two distinct types of FDI opportunities

Short to medium term priority value chains

Targeted, executable plays within priority value chains that leverage Mozambique's competitive advantages, focusing on commercially viable opportunities

Medium to long term transformative projects

Bold, flagship initiatives with game-changing impact and scale. Opportunities where political alignment and enablement are the critical unlocks

Content

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xx Detailed next

Short to medium term priority value chains

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Medium to long term transformative projects

Bold, flagship initiatives with game-changing impact and scale. Opportunities where political alignment and enablement are the critical unlocks

To attract FDI at scale, there are 4 key elements that need to be in place

Vector	Ecosystem & institutional alignment	Competitive advantages	FDI global interest	Sizable opportunity
Rationale	Ensure convergence on a shared set of emerging priority value chains by reconciling Government strategic documents (e.g., IGD/ENDE and sector strategies) with key donor and partner strategies	Focus on value chains where Mozambique has clear and defensible sources of competitiveness that create a differentiated and sustainable investor proposition	Prioritise value chains that align with global investor demand, increasing the likelihood of attracting credible FDI and converting interest into execution	Size opportunities based on (i) regional and global market size / growth and ability to scale beyond domestic demand, and (ii) economic complexity / upgrading potential
Example: *Automotive industry in Morocco*	**Creation of the AMDIE**[1] to promote Morocco's offer at the global level and support foreign investors in the country	**Leveraged logistics** like the Tanger Med port, **cost-competitive labour**, geographical advantages and **renewables potential**	Morocco **was attractive for European automakers**, following successful 1990s FDI into automotive nearshoring in Mexico for North American markets	**Unparalleled proximity to the European Union**, the second largest consumer market in the world in 2005 with **$12Bn GDP**

1. Moroccan Agency of Investment and Export Development

Source: Desktop research; Expert input

Preliminary assessment indicates stronger relative positioning for tourism and agri-processing…

↑ Prioritization elevated due to country priorities | Preliminary prioritised value chains | ⊗ Excluded value chains[3] | High | Medium | Low

PRELIMINARY

Rank	Priority Value-chain	Competitive advantage	FDI interest	Opportunity sizing: Regional need, 2024[1]	Opportunity sizing: Local Imports, 2024	Opportunity sizing: ECI & Multiplier effect[2]	Opportunity sizing: Direct job creation	Ecosystem readiness
1	Tourism	High	High	N/A	N/A	Medium	High	High
2	Edible Oils	Medium	Medium	Medium	High	Medium	High	Medium
3 ⊗	Logistics	Medium	High	N/A	N/A	Medium	Medium	Medium
4	Cotton	High	Low	Medium	Low	Medium	High	High
5	Rice	Medium	Low	High	High	Low	High	Medium
6	Maize	Medium	Low	High	Medium	Low	High	High
7 ↑	Cashews, nuts & dried fruits	High	Medium	Low	Low	Medium	Medium	High
8 ⊗	Renewables	Medium	High	N/A	N/A	Medium	Medium	Medium
9	Animal feeds	Medium	Medium	Medium	Medium	Medium	High	Low
10	Poultry	Medium	Medium	Low	Medium	Medium	High	High
11	Aluminium processing	Medium	High	High	Medium	Medium	Low	Medium
12	Plastic processing (pipes)	Low	High	Medium	Medium	Medium	Low	Low
13	Fertilizers	Medium	High	High	High	Medium	Low	Low
14	Aquaculture	Medium	Medium	Medium	Medium	Low	Medium	Medium
15	Critical minerals processing	Medium	High	Medium	Medium	High	Low	Low
16 ⊗	Energy transmission	Low	N/A	N/A	N/A	Medium	Medium	Medium
17	LPG	Medium	High	Medium	Medium	Medium	Medium	Medium
18	Cleaning Products	Low	Low	High	Medium	Medium	Low	Medium
19	Hydrogen	Medium	N/A	Low	Low	High	Low	Low
20	Biofuels	Medium	N/A	Low	Medium	Medium	Medium	Low

1. Size of imports for countries bordering Mozambique (Malawi, South Africa, Eswatini, Zimbabwe, Zambia, Tanzania)
2. ECI measures the complexity of productive capabilities required; the multiplier reflects potential spillovers across the wider economy
3. Assessment focuses on productive economic value chains. Non-productive or purely enabling sectors (e.g., logistics) are not considered

… where we have identified specific plays across the 5 priority value chains

PRELIMINARY

Greenfield project · Brownfield project · Both project types

Value chain	Play	Rationale	Potential investees	Expected Investment, USD
Edible oils	100k t/y Standalone Crushing facility of soybean	Mozambique has ~900 ktpa refining capacity but <50% utilization, signaling structural overcapacity. Strategy should pivot to crude-oil import substitution via soybean crushing—the only oilseed with relevant domestic demand for oil and oilcake—with a potential ~$580M regional opportunity	meru, Maëva, Bakhresa Group, Olam Agri	15–20M
Cotton	Vertically integrated spinning to garments facility, with ~2kt/year of spinning capacity and 200,000 units	Prioritised as the next step in value addition, building on existing ginning capacity to convert lint into yarn locally and establish the necessary input base for PPE and uniforms manufacturing	jfs	25–30M
Rice	50k t/y E2E rice production, from certified seed production to rice milling	Reliable access to certified seeds and rice paddy feedstock are main bottlenecks for competitive rice production in Mozambique - thus a completely integrated play is the most viable one	ETG, MOZLAND	120–130M
Cashew	15k t/y Cashew raw kernel (shelled) play from aggregation to primary processing	Quality and production loss due to unfit aggregator operation, high export incentives and aggregator make it critical for players to control this step of the value chain; Lack of secondary processing (roasting) and storage infrastructure make it less-viable to produce roasted kernel	Permanuts	20–30M
Tourism	25-bed luxury hotel and 60-bed premium hotel with full-service amenities	Mozambique benefits from distinctive natural and cultural assets, enabling an integrated marine and wilderness proposition—combining a 2,700km Indian Ocean coastline, rich marine biodiversity and island destinations with inland national parks and frontier wilderness experiences	&Beyond, Singita Game Reserves	20-30M

1. Taking as an example the recent investment on Singita Lodge of ~120M USD

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Edible oils is a national priority within Mozambique's agricultural sector, with a focus on import substitution

NON-EXHAUSTIVE

Plano Nacional de Investimento do Sector Agrário (PNISA) *2014–2020*	Strategic Plan for Agricultural Development (PEDSA II) *2020–2030*	Programa Integrado de Investimento (PII) *2026–2030*
Medium-term national agricultural investment plan aligned to CAADP[1] and food-security objectives	**10-year roadmap for agricultural sector transformation and food security**	**Five-year national investment programme of Mozambique's long-term development strategy (ENDE 2025–2044)**
Food security, import substitution, and agricultural productivity	*Focus on productivity increase, market access and competitiveness*	*Focus on agro-industrialisation, food security, and import substitution*
Example priorities • Promote local processing of basic food products, including vegetable oils, to reduce food imports • Improve aggregation, storage, and market linkages between smallholders and domestic processors	**Example priorities** • Expand production of strategic oilseeds (e.g. sunflower, soybean, groundnuts, sesame) to increase availability of raw materials for domestic processing • Promote agro-processing and value addition to reduce imports of processed foods, including refined vegetable oils	**Example priorities** • Develop agro-industrial zones (e.g. Limpopo Agro-Industrial Park / ZEEA-L) with dedicated capacity for vegetable oil processing • Invest in irrigation, energy, storage, and logistics infrastructure to support scalable oilseed production and downstream processing

1. CAADP is the African Union framework that anchors national agricultural strategies around food security, productivity growth, and agro-processing

Value capture from domestic oilseeds remains limited (~30%), with refining capacity operating largely on imported crude as feedstock

Current commercial scale footprint

No commercial-scale production

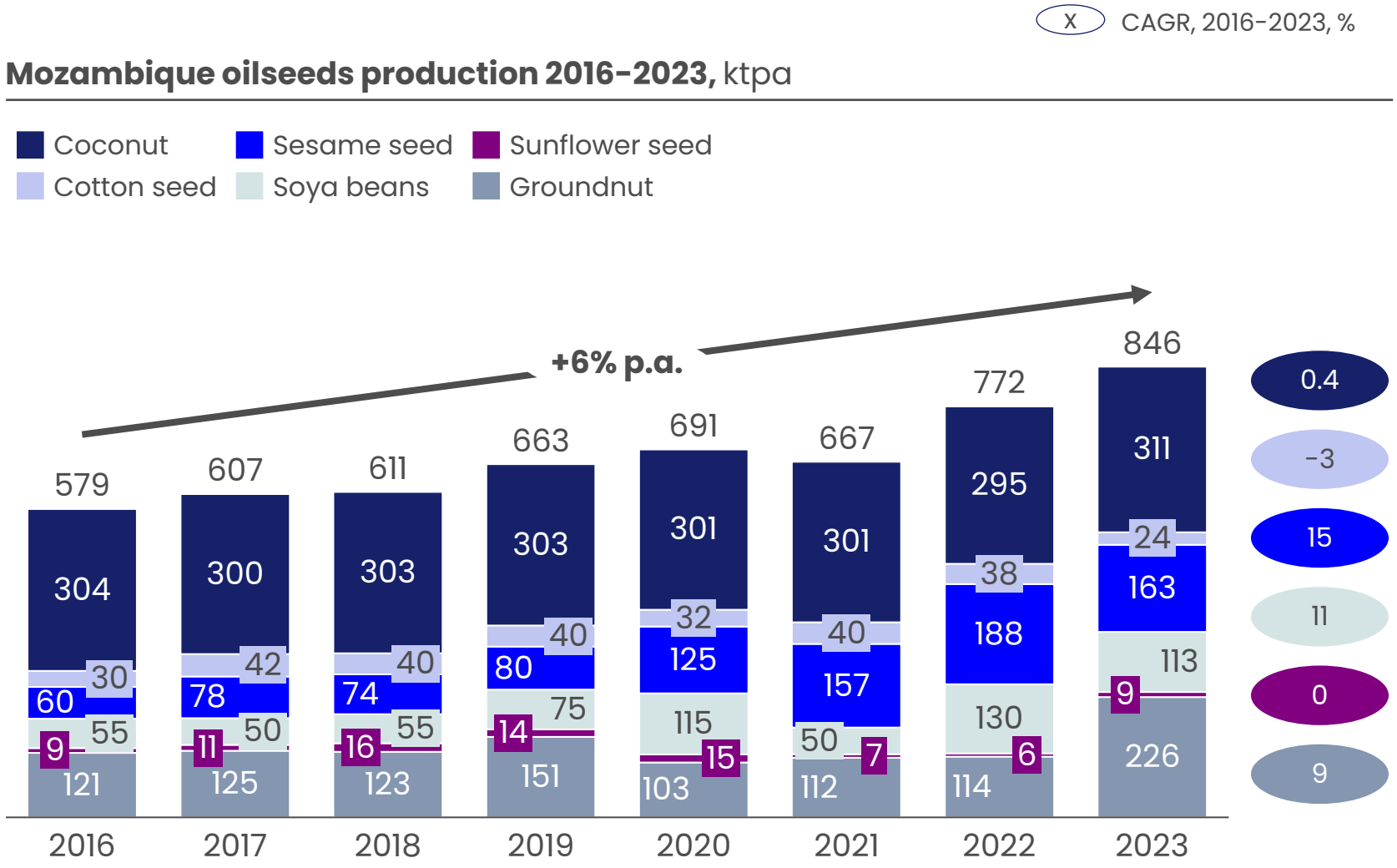
	Oilseed production	Aggregation and primary processing	Crushing and extraction	Refining and bottling
Cotton value chain	**Cultivation of oilseed by farmers**, including land preparation, planting, pest control, harvesting and primary aggregation	**Cleaning, drying and storage of oilseeds;** basic hulling/decortication (e.g., for sesame) and sale of seeds to crushers or exporters	**Mechanical pressing and/or solvent extraction** of seeds into crude vegetable oil and oilcake for animal feed	Neutralisation, bleaching, deodorisation and winterisation of crude oil **to produce standard cooking-oil blends**
Status in Mozambique	**Widespread smallholder-based production** concentrated in the north and centre regions	Aggregation remains **fragmented**, with limited structured off-take	**Limited commercial crushing** operates today; 90% of oilseeds are exported raw	Commercial-scale refining exists, but is **fed by imported feedstock** with limited throughput linked to domestically crushed oilseeds
Share of value captured, %	15-25%	30-40%	65-80%	100%

By relying on imported crude feedstock, Mozambique forgoes the incremental **~20–25% value added**

Manufacturing Africa

Source: Sunflower and palm oil value chain analysis

Today, despite domestic production, 90% of oilseeds are exported raw limiting local value capture



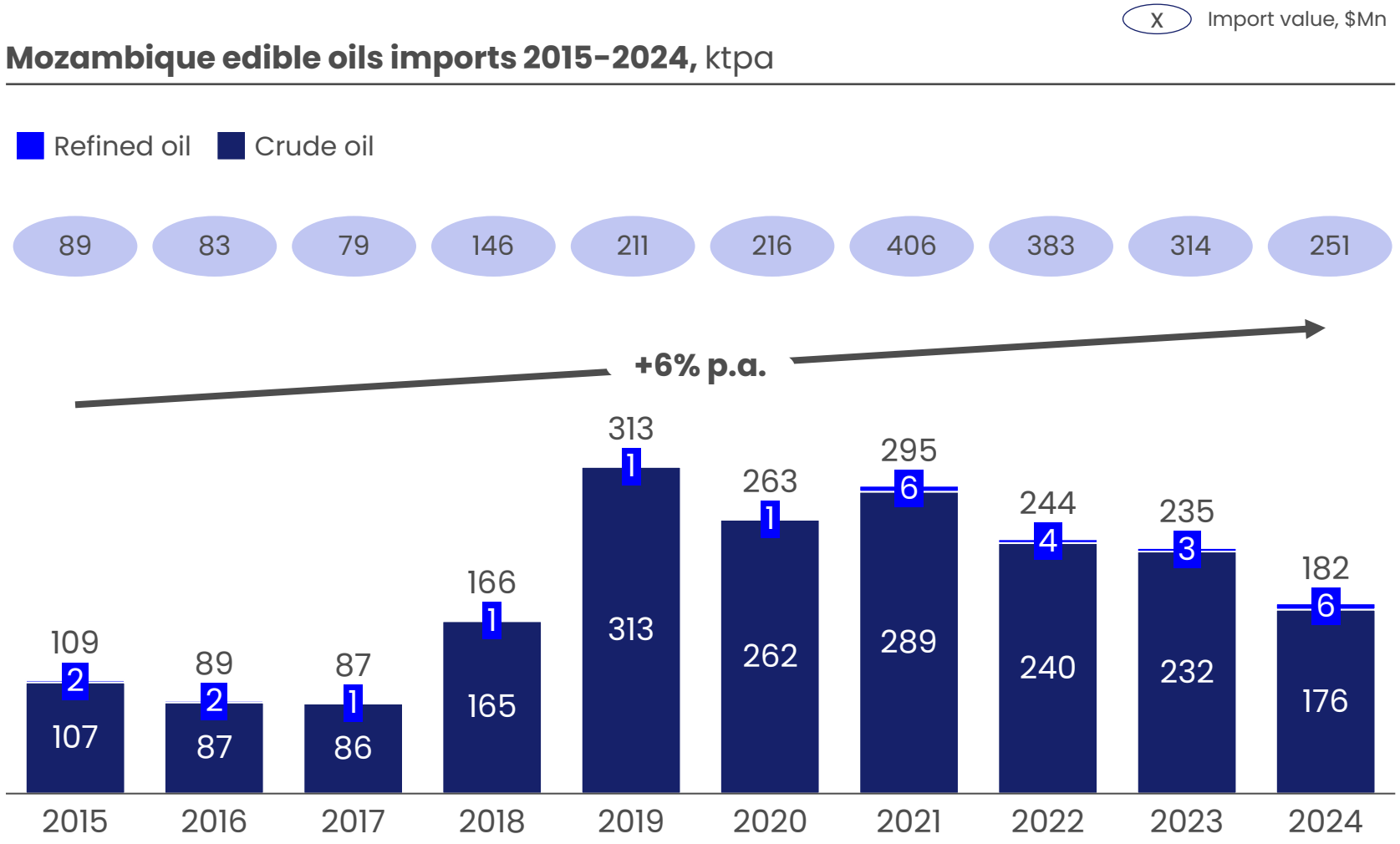
Key insights

- Oilseed production has grown steadily (~+6% p.a. since 2016), **driven primarily by sesame and soyabean**, which account for the fastest absolute growth over the period
- Structural constraints including **limited crushing capacity, weak off take markets, and high logistics costs** limit domestic processing, leading to ~90% raw exports
- **Consequently, refining capacity (<800ktpa) operates largely on imported crude oil rather than domestically crushed feedstock**, reinforcing a structural disconnect between upstream production and downstream value capture

UKaid from the British people **Manufacturing Africa**

Source: FAOSTAT

Mozambique's reliance on imported edible oils creates a significant import-substitution opportunity for domestic crushing and refining



Note: A medium scale refinery (~50 ktpa) requires ~53 ktpa accounting for typical refining yields of 95%

Key insights

- **Edible oil imports have grown steadily at ~6% p.a.** reaching a peak of ~313 kt in 2019, reflecting structurally strong domestic demand unmet by local production
- Imports have declined since 2021 due to **VAT-driven retail price increases** following exemption removal in 2023 and **broader FX constraints, which reduced total imports** by ~9% and cooking oil imports by ~23% in 2024
- **Persistent reliance on imported crude oil highlights a clear opportunity to expand domestic crushing**, which could substitute imports while improving refinery utilisation and increasing domestic value capture

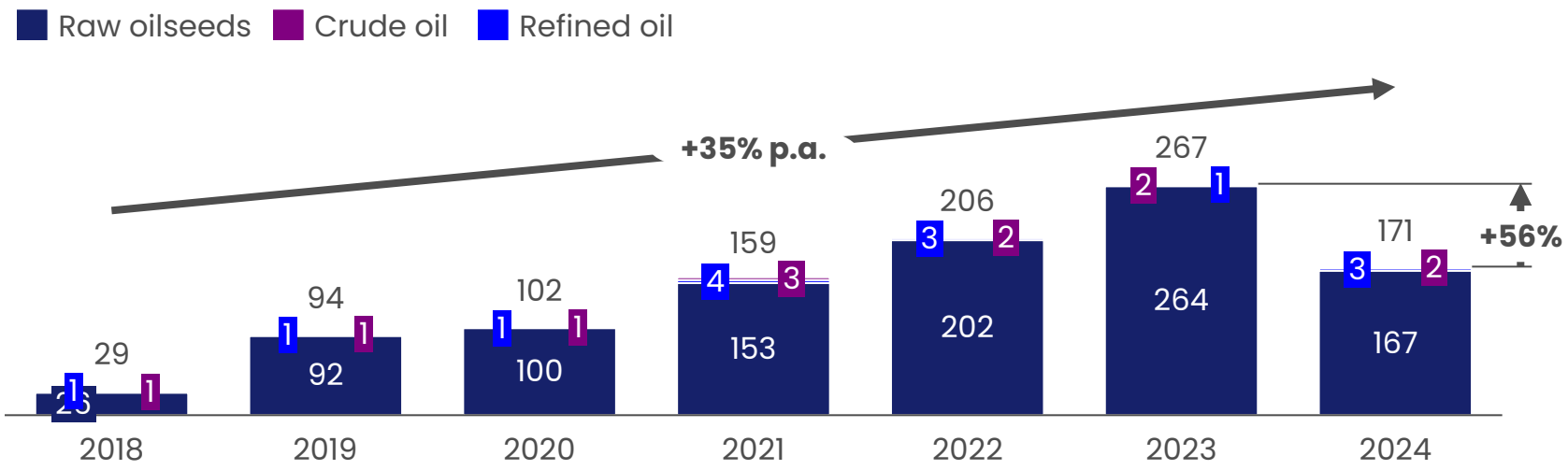
Note: Refined edible oil imports may be understated, as refined oils can enter under broader food product tariff lines or due to misclassification

UKaid from the British people Manufacturing Africa

Source: TradeMap

Although oilseed exports have grown, exports are concentrated in raw seeds, constraining domestic processing and value capture

Mozambique oil seeds and edible oil exports 2017-2024, ktpa



2024 Top export markets	Quantity imported, ktpa	% of imports
China	90	53%
Japan	17	10%
Indonesia	15	9%
Pakistan	14	8%

Key insights

- Oilseed exports **have grown at ~36% p.a.,** increasing from 26 kt in 2018 to 167 kt in 2024
- Exports are overwhelmingly concentrated in **raw oilseeds, which account for >98%** of oilseed and edible oil export volumes
- Export growth is driven primarily by **sesame (68% of exports in 2024)**, followed by groundnut (17%) and soybean (12%)
- Export demand is **concentrated in Asian processing hubs**, with China (53%) serving as the primary destination

Note: Exports remain lower than total production as coconut, which accounts for >50% of oilseed output, is primarily consumed domestically and not exported

Peer success highlights the opportunity to capture value through scaled refining and backward integration into domestic feedstock

Country	Context	Primary product	Edible oils production, 2024, ktpa	Edible oils production value, 2024, $Mn	Domestic processing of oilseeds, %
Nigeria	**Previously relied on edible oil imports** due to weak domestic processing; **large-scale investment in integrated crushing and refining** expanded local capacity, **reduced import dependence, and strengthened domestic feedstock linkages**	• Palm oil • Soybean	1,300-1,600	1,500-1,800	>60%
Tanzania	Produced significant sunflower volumes but **lacked refining capacity; policy support and private investments expanded crushing and refining** capturing more domestic value	• Sunflower	350-450	400-600	>60%
Zambia	**Exported most soybeans raw** due to limited processing; investment in integrated crushing and refining enabled domestic conversion, **increasing value capture**	• Soybean	90-120	100-200	60-80%
Mozambique	**Exports most soybeans raw** due to limited processing; refinery capacity exists but is **fed by imported feedstock** with limited throughput linked to domestically crushed oilseeds	• Groundnut • Soybean • Sesame	55	60-90	<5% !

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Source: USDA, FAOSTAT

Salient challenges impacting the edible oils value chain (1/2)

NOT EXHAUSTIVE

Barriers to productivity		Relative severity	Details / root causes
Input supply	Seed quality and counterfeit seeds		• **<10% of farmers use certified seed, with >90% relying on informal systems**; IIAM covers <4% of planted area and agro-dealer density is only 1 per 20,000–25,000 farmers, enabling counterfeit seed circulation and chronic yield losses
	Limited application and affordability of agrochemicals		• High input prices, weak rural distribution networks, and underinvestment in agricultural R&D **(0.24% of ag GDP vs. 2% recommended)** constrain fertiliser and pesticide access
	Inadequate extension services		• **Severely under-resourced extension system (<4% farmer coverage)** limits adoption of improved agronomic, pest, and harvesting practices, resulting in persistently low yields, poor input efficiency, and quality losses
Oilseeds production	Low yields		• **Smallholder-led production, marked by very small plot sizes (<1 ha), limited mechanisation**, and input intensity drive extremely low yields; yields remain among the lowest regionally (soy averages just **0.63 t/ha vs. 1.6–2.2 t/ha in Southern Africa** and 2.0 t/ha demonstrated potential
	Climate vulnerability and water insecurity		• **>90% of oilseeds are rain-fed**, with minimal irrigation coverage; Recurrent droughts, floods, and cyclones in key producing provinces (Cabo Delgado, Nampula, Zambézia, Tete, Manica) have repeatedly **disrupted production, causing germination failure, replanting costs, and yield volatility**

Source: Technoserve, FAO

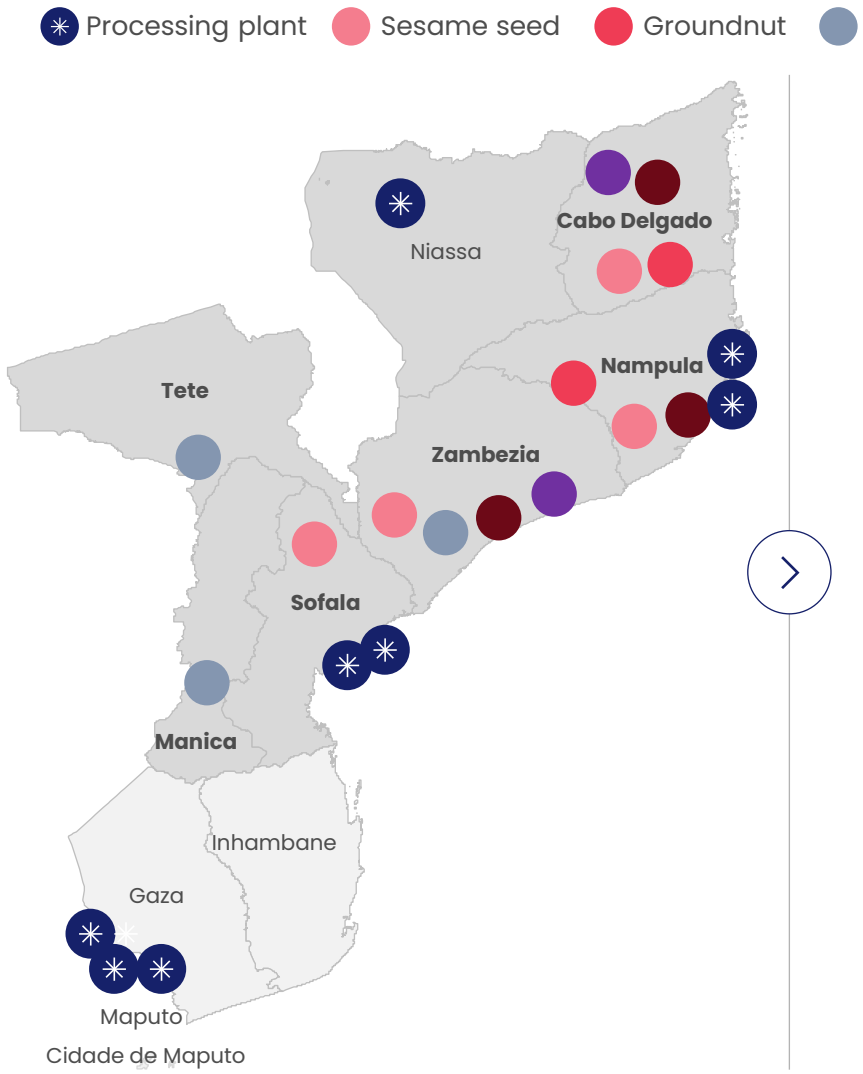
Salient challenges impacting the edible oils value chain (2/2)

NOT EXHAUSTIVE

Barriers to productivity		Relative severity	Details / root causes
Processing	Transport costs	A	• **Internal logistics costs are structurally prohibitive for transporting oilseeds from North–South**; geographic mismatch between northern production and southern processing increases aggregation distances and costs, making domestic feedstock less competitive than imported crude oil
	Insurgency and insecurity		• Persistent insecurity in northern growing regions **disrupts production, input delivery, and collection logistics, raising operating costs** and deterring long-term private investment across the value chain
Market	Middleman exploitation		• Only 13.6% of producers access price information, limiting bargaining power; weak transparency enables intermediaries to suppress farm-gate prices
	Cheap imports		• Mozambican refineries imported over 1.3 million tonnes of crude cooking oil over eight years (USD 1.4 billion). **Price-competitive crude imports from Asia have weakened incentives to expand domestic oilseed crushing** and strengthen linkages to local feedstock

Source: Technoserve, FAO

A. Oilseed production is concentrated in northern Mozambique, while commercial-scale processing capacity is located in the south



Cabo Delgado → Maputo

Dimension	
Distance	~2100km
×	
Trucking cost per kilometer	USD 2.42
=	
Total cost per truck	USD 5,082

Key implications

- **Long north–south transport distances significantly increase aggregation and logistics costs** (up to ~USD 5,000 per truck), making imported crude oil through southern ports cheaper and more reliable than sourcing domestic oilseeds
- This geographic mismatch **weakens the commercial viability of domestic crushing**, with southern refineries structurally configured to rely on imported crude oil rather than locally produced feedstock
- Limited processing capacity in northern production hubs **reduces assured offtake for farmers, weakening incentives to scale oilseed production**
- Existing refining infrastructure is primarily configured for palm, soybean oil, and cotton seed oil with **limited processing capacity for sesame and groundnut**, constraining domestic value capture

Source: FAO, Technoserve, Market research, World Bank

Current initiatives target oilseed production but have not catalyzed backward integration into crushing and refining capacity

↑ Positive impact → Limited impact

Year	Initiative	Stakeholder	Investment, $M	Outcome
2010-present	**TechnoServe soybean program**	TECHNOSERVE, Gates Foundation, SNV	**5**	↑ Projects enabled about **3,500 smallholders to start growing soy, opening ~3,500 ha and generating ~USD 1.1 million** in cumulative soy revenue for participating farmers
2017-2013	**Feed the Future**	USAID, IIAM, IITA	*Undisclosed*	↑ Adoption of **improved seed and better agronomic practices reached <100,000 smallholder farmers in the soy and sesame value chains**, delivering income increases of up to ~30% among participants
2012-present	**FAO MAFAP**	Food and Agriculture Organization of the United Nations	**N/A**	→ **Designed Mozambique's first comprehensive oilseeds regulation and new reference price formulas** which is expected to improve farmer income; limited impact beyond policy
2019-2030	**PROCAVA**	IFAD	**85**	→ The programme targets **~180,500 households and aims to raise incomes** via improved productivity, processing, and market linkages in maize, soy, and poultry value chains; results are pending as implementation is ongoing

We have identified three value addition opportunities across the edible oil value chain

Vertical activated | Partial integration | XX Detailed ahead

Investment opportunity	Oilseed production	Aggregation and primary processing	Crushing and extraction	Refining and bottling
1 Crushing & extraction	Contract farming through structured outgrower models is necessary to secure scale, ensure consistent quality, and enable traceable feedstock supply		✓	
2 Refining				✓
3 Extraction & refining integrated plant	Contract farming through structured outgrower models is necessary to secure scale, ensure consistent quality, and enable traceable feedstock supply		✓	✓

Executive summary

$580M regional import substitution opportunity, contingent on building sufficient feedstock scale, competitive cost structures, and technical expertise

Refining capacity is saturated (~900 ktpa), limiting attractiveness of new standalone refinery investments

Given existing refining capacity, the priority shift is toward major players backward integrating into domestic crushing, rather than expanding standalone refining capacity

Four oilseeds can anchor value addition investments, with soybean being the most viable opportunity

'Most viable ✓ Commercial production present ✓ Partial small scale production present ✗ No production

Potential plays	Facility configuration	Oil seed	Opportunity	Current status	Economic viability
1 Crushing & extraction	Standalone options	Cotton seed	**Expand dedicated cottonseed crushing** producing cottonseed oil for domestic refining and cottonseed cake for livestock feed markets	✓	• Established demand as a mass-market cooking oil, particularly as a blend • Strong livestock feed demand for cottonseed oil cake • Feedstock is concentrated at ginneries, lowering aggregation costs
		Sesame	**Develop sesame crushing capacity** to process domestically produced sesame into crude sesame oil and high-value sesame cake	✗	• Not a mass-market oil, demand volumes is limited • No assured industrial offtake; existing refineries configured for palm and soybean • Low oil-cake demand due to lower protein profile
		Groundnut	**Establish groundnut crushing capacity** to produce crude groundnut oil and protein-rich groundnut cake for ruminant feed	✗	• Not a mass-market oil, with limited demand • No assured industrial offtake; existing refineries configured for palm and soybean • Low oil-cake demand (60% of product) due to aflatoxin risk
		Soyabean	**Establish soybean crushing capacity** to produce crude soybean oil for domestic refining and high-protein soybean meal for livestock feed markets	✓	• Industrial offtake; existing refineries import crude soyabean oil • Strong demand; 2nd largest market after palm oil and largest protein source for livestock feed
2 Refining	Multiple capacity	Multiple oil seeds	Establish a refinery that is **multi-seed and capable of processing all priority oilseeds** with minor production-line adjustments	✓	Refining capacity is already present and largely sufficient, limiting attractiveness of new standalone refinery investments
3 Extraction & refining integrated plant	Extraction segment	One oilseed	**Crush own domestically sourced oilseeds** to produce crude oil and oilcake, enabling backward integration into refining	✓	Given existing refining capacity, the priority may shift toward major players backward integrating into domestic crushing, rather than expanding standalone refining capacity
	Refining segment	Multiple capacity	**Refining crude oil from in-house crushing with potential supplements** from imported crude oil to maintain throughput		

Refining capacity currently exceeds 900 ktpa, limiting the attractiveness of new refinery investments

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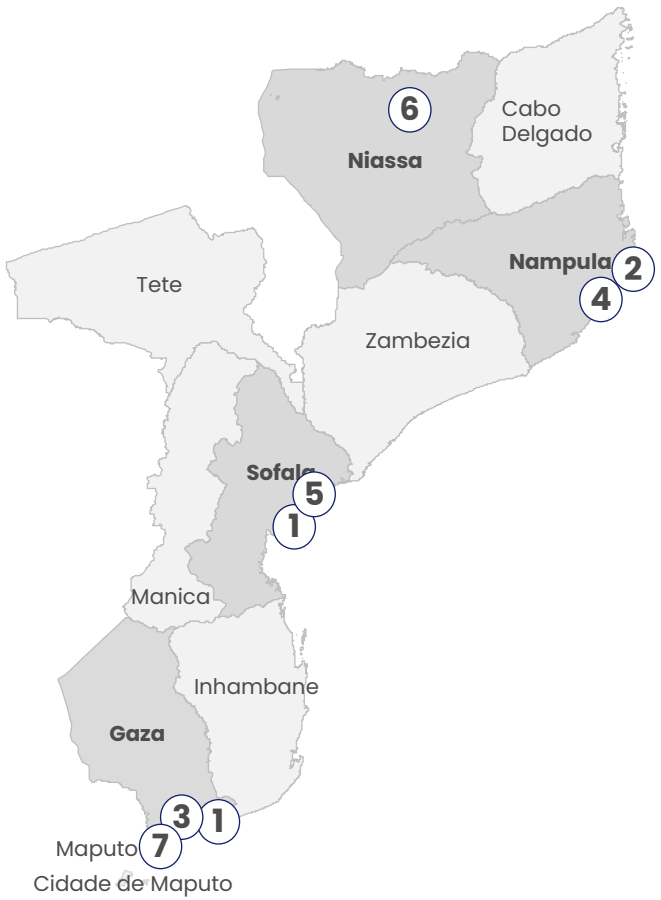


Company	Type	Installed capacity, ktpa	Type of plant
1 Olam Agri / Fasorel	Soybean Palm oil	300	Refinery using imported crude oil
2 GS	Palm oil	300	Refinery using imported crude oil
3 Maëva	Soybean Palm oil	120	Refinery using imported crude oil
4 RGS	Palm oil	120	Refinery using imported crude oil
5 **Faborel**	Palm oil	55	Refinery using imported crude oil
6 jfs san	Soyabean cottonseed	8	Integrated crusher and refinery from local feedstock
7 Bakhresa Group	Soybean Palm oil	Undisclosed	Refinery using imported crude oil
Total		898 → 173 (**-81%**)	

Key implications

- Mozambique has **~900 ktpa of installed edible oil refining capacity**, sufficient to meet domestic demand and resulting in an **oversupplied refining market**
- Refineries are concentrated in the **Nampula, Beira, and Maputo port corridors to optimize access** to imported crude palm and soybean oil
- **Low utilisation rates (~19%), indicate structural overcapacity** and weaken the investment case for new standalone refineries

1. Applies a 95% conversion factor on 2024 imports of crude oil

Crushing soyabean presents the largest opportunity contingent on achieving sufficient feedstock scale and cost competitiveness

$251M

Imported crude oil in 2024 with negligible production domestically

Key implication:

Clear import substitution opportunity if key challenges along the crushing value chain are addressed

Detailed ahead

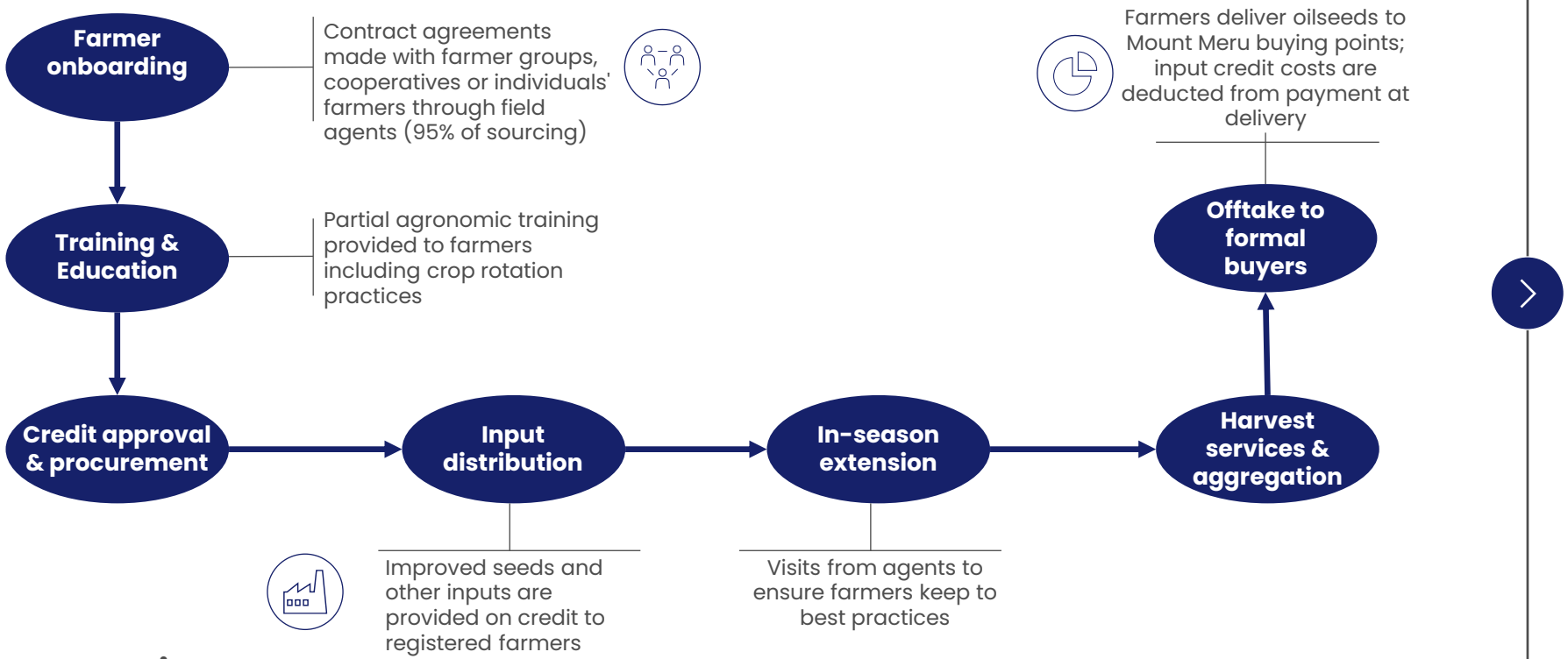
Production stage	Factor	Description	Key success factors
Oilseeds production	Side selling	Weak contract enforcement and limited farmer access to finance, making it difficult for crushers to **aggregate agreed volumes and operate at scale**	• **Contract farming through an out-grower model** for soyabean to unlock scale
	Procurement consistency	Inconsistent farming practices, seed varieties, and post-harvest handling result in variable oil content, moisture, and impurity levels, **reducing extraction efficiency and compromising crude oil quality**	
Crushing	Oil yield	Mozambique's **oil yield is significantly lower than global benchmarks (10-12% vs. up to 25% in Brazil),** primarily due to lack of expertise, volume of seed and machinery quality	• Form and continue alliances with **Brazil for technical assistance support** • Adopt **modern solvent extraction technology**
	Leakage	**Leakage losses can be up to 10%, given thin margins of 5-6%,** the leakage can be the difference between a crushing facility being economically viable	
	Storage	Tank farm infrastructure requires significant capital **and operating expenditure; e.g., Tanking in Beira can cost approximately $10/t** (vs $5/t in Brazil)**,** further compressing thin crushing margins	
Market	Price competitiveness	Domestic crushers are often not competitive with imported crude oil, and in some cases, **the landed cost of domestically crushed oil exceeds the retail price of imported refined oil**	• **Targeted subsidies** to support the cost competitiveness of domestic crushing • **Increase tariffs** on imported crude oil
	Consistent quality	**Crude oil quality must meet strict refinery specifications** to not be rejected, as mixed grades cannot be blended without compromising final product quality or damaging refining equipment	

Case study: Outgrower models shows that contract farming can secure feedstock and enable scaling of crushing operations

Overview of Mount Meru Miller's Outgrower Model

Detailed ahead

Mount Meru Miller's model (2020-ongoing)



Key metrics

~25K farmers participating across oilseeds

~75% capacity utilization, from 55%

110KT of soy procured; 2x increase from 50KT

1.5x increase in soybean crushing capacity

Key learnings

+ **Improved inputs and practices boost farmer income**, 80% adoption of improved seeds, leading to higher yields

+ **Regular visits from extension agents** promote improved agricultural practices, essential for maintaining high-quality output

− **Signing agreements with individual farmers** rather than farmer-based organizations made it difficult to enforce contracts leading to **side selling** due to limited accountability mechanisms

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Source: Mount Meru Millers

Case study: Babban Gona demonstrates how aligned incentives and disciplined farmer organisation can achieve 99% repayment

NON-EXHAUSTIVE

Mechanism	Description	Outcome
Trust groups with joint liability	Farmers are organised into trust groups of 3–6 members led by a trust group leader **creating peer accountability, if one member side-sells or defaults the entire group's credit access is at risk**	The social pressure within small, self-selected groups is the primary enforcement mechanism, **replacing legal contracts with reputation costs**
Profit sharing from stored gain	Maize is purchased at harvest and sold when prices increase, with **farmers receiving a share of the arbitrage profit as a bonus payment**	**Eliminates the economic incentive** to side sell, through providing **bonus payments**
Staggered payments	Provides 100% in-kind **pre-harvest input credit, payment upon grain deposit and post sale bonuses** to farmers	Provides farmers with **sufficient working capital** higher than any competing buyer can offer
Holistic end-end service bundle	Babban Gona provides **inputs on credit, training, mechanised harvesting, storage and marketing** as a single integrated package	Most competitive offer by a buyer; The switching cost is high, if you **side-sell, you lose access to all services**, not just one
Monitoring, training and field agent incentives	Field officers are trained professionals with **incentives tied to trust group success** to ensure adoption of good agricultural practices and contract enforcements	Monitoring **reduces side selling by improving yields and quality making the program economically viable** and increasing perceived enforcement

Impact

99%

Loan repayment rate

300%

Average income increase for Babban Gona-linked farmers

Source: Ahmadu Bello University(2022), Solve.mit(2020), Babban Gona, Bain(2020)

Targeted government interventions are required to scale backward integration into domestic crushing (1/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale
Reliable oils seeds supply	**Certified seed distribution and R&D for improved varieties**	• **<10% of farmers use certified seed, with >90% relying on informal systems**; IIAM covers <4% of planted area and agro-dealer density is only 1 per 20,000–25,000 farmers, enabling counterfeit seed circulation and chronic yield losses
	Improve enforcement of seed pricing reference model	• Transparent reference pricing **reduces intermediary arbitrage and side-selling by improving price transparency and farmer bargaining power**; currently only 13.6% of producers access price information, enabling intermediaries to suppress farm-gate prices, disincentivizing production
Improved logistics	**Corridor logistics improvement incl. rehabilitated roads and reduced paperwork**	• **High per-kilometer transport costs along the Beira and Nacala corridors (~2.42 USD/km)**, caused by delays at borders and weighbridges, non-tariff barriers, and weak intermodal links **raise operating costs** • Rehabilitation of the national N1 national road from Maputo to Pemba
Infrastructure improvement	**Complete the North – South electricity distribution line**	• Lack of electricity increases reliance on alternative energy sources (e.g., generators), leading to **higher production costs (~8x more expensive than grid electricity)**
	Establish the USD 78 Mn Limpopo Agro-industrial park	• **Comparable plug-and-play production parks** have demonstrated that **shared infrastructure materially lowers entry barriers,** accelerates ramp-up, and enables coordinated scale-up across the value chain
Energy and utilities	**Establish preferential tariffs for electricity and water**	• Compared to regional edible oil producers e.g., Zambia, electricity tariffs in Mozambique **are up to ~2× higher ($0.05/kwh vs $0.08/kwh)** undermining cost competitiveness in energy intensive processes

Targeted government interventions are required to scale backward integration into domestic crushing (2/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale
Trade Policy 	**Import restrictions and tariff escalation on crude oil**	• Mozambican refineries imported over 1.3 million tonnes of crude cooking oil over eight years (USD 1.4 billion). **Price-competitive crude imports from Asia have weakened incentives to expand domestic oilseed crushing** and strengthen linkages to local feedstock
	Removal of VAT exemptions for imported oil	• **Nigeria (2016 removal of import concessions under the CBN FX restriction policy)** and **Ethiopia (10–15% VAT and surtaxes on edible oil imports)** increased the relative competitiveness of domestic crushing and refining, contributing to significant expansion
Market structuring 	**Establish mandatory food fortification policies**	• **In Kenya and Tanzania, compulsory vitamin A fortification accelerated investment in local refining**; Mandatory fortification standards raise compliance barriers for imported refined oils while advantaging domestic refiners that integrate fortification at source

Vision for the oilseeds sector in Mozambique

For the country

Position Mozambique as a **top three soybean producer and processor in SADC** by scaling domestic production, anchoring industrial crushing capacity, and **achieving edible oil and meal self-sufficiency** through structured import substitution and regional export integration

For the industry

Increase national soybean production **3x to ~300,000 t/year** and enable **≥200,000 t/year of annual domestic soybean crushing** through (i) **targeted farm-level productivity interventions** to increase yields and expand farmer participation in soybean cultivation (including structured outgrower models), and (ii) **development of new processing plants** aligned with the technical and quality requirements of domestic refineries

To realise this vision, Mozambique can leverage current production to anchor an initial ~100,000 t/year soybean crushing plant, representing $10-15M in foreign direct investment (FDI) and generate revenues of $45-50M

$10–15M

Investment required

$45–50M

Annual revenue

100,000

Installed capacity, tpa

$50–55M

FX saved on crude oil and oilcake imports per year

~1000

Jobs created

~40,000

Smallholder farmers integrated to achieve <85% utilization

The opportunity could be further unlocked by implementing 5 key initiatives

	Intervention	Description
1	Review import tariffs on crude edible oil to encourage domestic processing	Adjust import tariffs on crude edible oils (including palm and soy oil) so that locally processed oil is price-competitive or cheaper than imports
2	Enforce domestic processing requirements for soyabean exports and imports	Strengthen enforcement of existing restrictions on raw soyabean exports and imports by implementing a robust audit and verification system to confirm domestic processing requirements are met prior to export and import approvals, supported by digital tracking of volumes and the introduction of penalties and fines for non-compliance
3	Establish a dedicated, project-specific fast-track lane at ports for exports and imports	Establish an Authorised Economic Operator (AEO) programme for the project operator, entitling it to exemption from physical inspections on x% of export and import shipments, dedicated fast-track lanes at port terminals, and a customs officer designated as relationship manager
4	Review the tax regime for customs duties on extraction/crushing inputs and machinery	Set import duties at 0% for key extraction/crushing inputs (including solvents, processing chemicals, machinery and spare parts) to reduce operating costs and improve the competitiveness of domestic processing
5	Publish in the Official Gazette a dedicated discounted tariff for the SEZ below USD 0.08/kWh	Pilot a targeted industrial electricity tariff within the Nacala SEZ to identify the optimal balance between fiscal sustainability and competitiveness for investors and, subsequently, formalise (publish in the Official Gazette) a dedicated tariff for the SEZ below USD 0.08/kWh based on the pilot results

… where we have identified specific plays across the 5 priority value chains

PRELIMINARY

Greenfield project · Brownfield project · Both project types

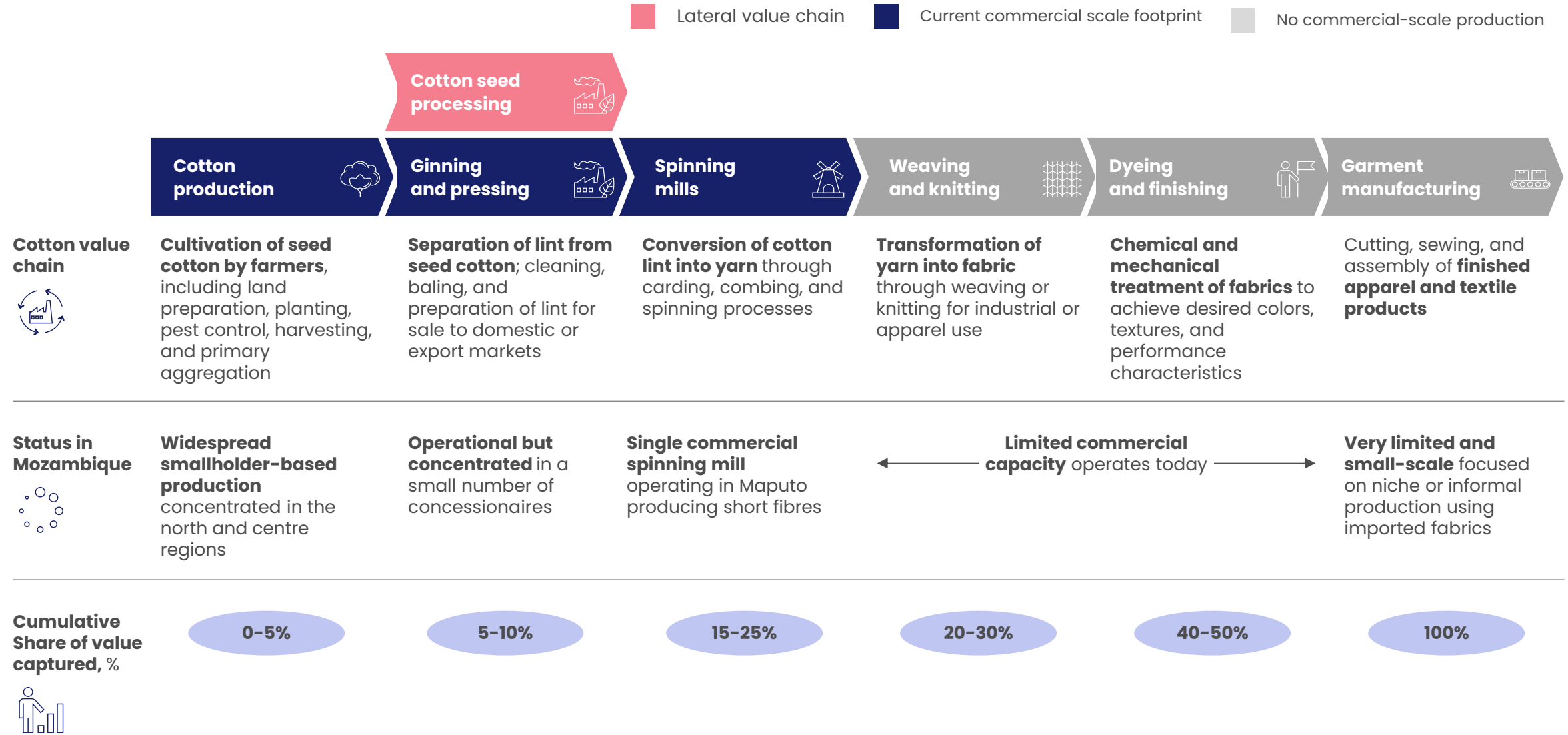
Value chain	Play	Rationale	Potential investees	Expected Investment, USD
Edible oils	100k t/y Standalone Crushing facility of soybean	Mozambique has ~900 ktpa refining capacity but <50% utilization, signaling structural overcapacity. Strategy should pivot to crude-oil import substitution via soybean crushing—the only oilseed with relevant domestic demand for oil and oilcake—with a potential ~$580M regional opportunity	meru, Maëva, Bakhresa Group, Olam Agri	15–20M
Cotton	Vertically integrated spinning to garments facility, with ~2kt/year of spinning capacity and 200,000 units	Prioritised as the next step in value addition, building on existing ginning capacity to convert lint into yarn locally and establish the necessary input base for PPE and uniforms manufacturing	jfs	25–30M
Rice	50k t/y E2E rice production, from certified seed production to rice milling	Reliable access to certified seeds and rice paddy feedstock are main bottlenecks for competitive rice production in Mozambique - thus a completely integrated play is the most viable one	ETG, MOZLAND	120–130M
Cashew	15k t/y Cashew raw kernel (shelled) play from aggregation to primary processing	Quality and production loss due to unfit aggregator operation, high export incentives and aggregator make it critical for players to control this step of the value chain; Lack of secondary processing (roasting) and storage infrastructure make it less-viable to produce roasted kernel	Permanuts	20–30M
Tourism	25-bed luxury hotel and 60-bed premium hotel with full-service amenities	Mozambique benefits from distinctive natural and cultural assets, enabling an integrated marine and wilderness proposition—combining a 2,700km Indian Ocean coastline, rich marine biodiversity and island destinations with inland national parks and frontier wilderness experiences	&Beyond, Singita Game Reserves	20-30M

Cotton is a national priority within Mozambique's agricultural sector, with a focus on boosting cotton production and quality

NON-EXHAUSTIVE

Cotton Value Chain Revitalization Plan (CVCRS) ***2011-2021***	**Better Cotton Initiative (BCI) National standard** ***2014-Present***	**Strategic Plan for Agricultural Development (PEDSA II) | *2020-2030***	**Programa Integrado de Investimento (PII)** ***2026–2030***
Launched by the cotton institute (IAM) that set specific targets to transform the low productivity baseline	**Strategic partnership to adopt the Better Cotton Production Standard as Mozambique's national cotton system**	**10-year roadmap for agricultural sector transformation**	**Five-year national investment programme of Mozambique's long-term development strategy (ENDE 2025–2044)**
Focus on improved productivity, commercialisation and value addition	*Focus on sustainable farming and improved quality*	*Focus on productivity increase, market access and competitiveness*	*Downstream value addition, export-oriented textile manufacturing*
Example priorities Production target: Achieve 10% annual growth from 80,000 tones to 200,000 tones of seed cotton Yield improvement: Increase from 550 kg/ha to 1,000 kg/ha Quality enhancement: Improve ginning out-turn (GOT) from 38% to 41%	**Example priorities** Transition all cotton production to Better Cotton standards Implement sustainable environmental practices Secure premium markets Ensure Mozambique cotton is recognized as a certified BCI product	**Example priorities** Poverty reduction: Target 40% poverty reduction through enhanced agricultural income Improve cotton productivity from 0.6 t/ha to 1.5 t/ha	**Example priorities** USD 40 Mn integrated textile park in central Mozambique Restructure old textile factors focusing on technical and hospitality textiles Mobilise private investment via PPP's

Mozambique's cotton industry is concentrated in production and ginning, only capturing 5-10% of value…

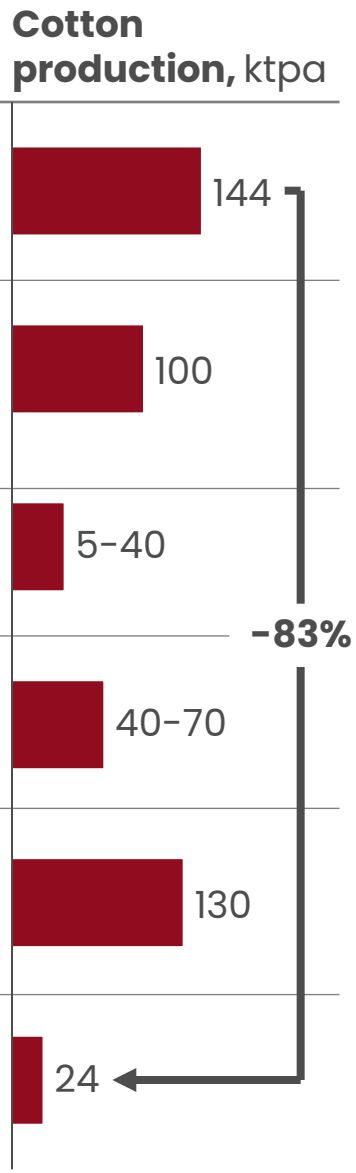


Manufacturing Africa

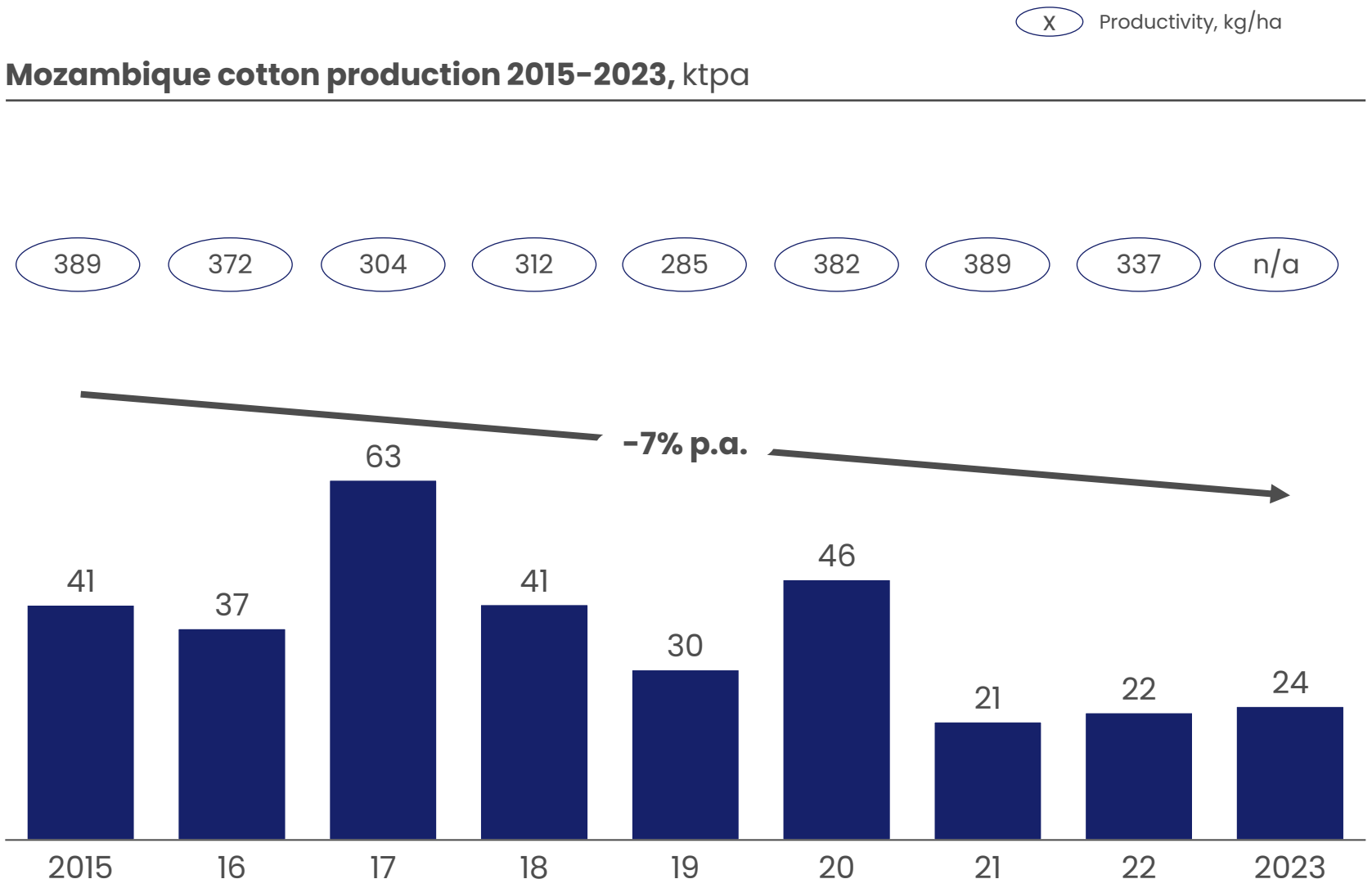
Source: Value chain analysis of the organic cotton industry

…however, Mozambique once had a sizable textile industry anchored in strong cotton production

Period	Stage	Key events
~1970	**Colonial cotton**	• Textiles **accounted for ~20% of Mozambique's** manufacturing sector, supported by **~80 textile and apparel factories** primarily serving the domestic market, while cotton ranked among the top three exports
1970–1980	**National independence**	• Frelimo government **nationalized cotton gins and textile mills** • Publicly owned textile mills **suffered from weak management and low-capacity utilization** leading to early financial distress
1980–1990	**Structural adjustment and privatisation**	• The state created **joint-ventures with foreign investors and granted them monopoly buying rights** in "concession areas"
1990–2000	**Post civil war cotton recovery**	• **Cotton production rebounded but textile capacity continued to weaken**, with the closure of Textáfrica (Manica) in 1990 due to competition from cheap imports and management problems
2000–2010	**Textile industry collapse**	• **Ginned cotton exports expanded rapidly**, reaching **up to ~40% of agricultural exports** • The **closure of the Riopel textile factory in Nampula (2004)** marked the effective end of industrial-scale textile production
2010–present	**Textile revival goal**	• Cotton production and yields have remained **volatile and structurally low**, driven by **low farm productivity** • Policy discussions increasingly emphasize **value-addition and textile revival**,



Today, structural constraints continue to weigh on Mozambique's cotton sector, driving a ~7% p.a. production decline



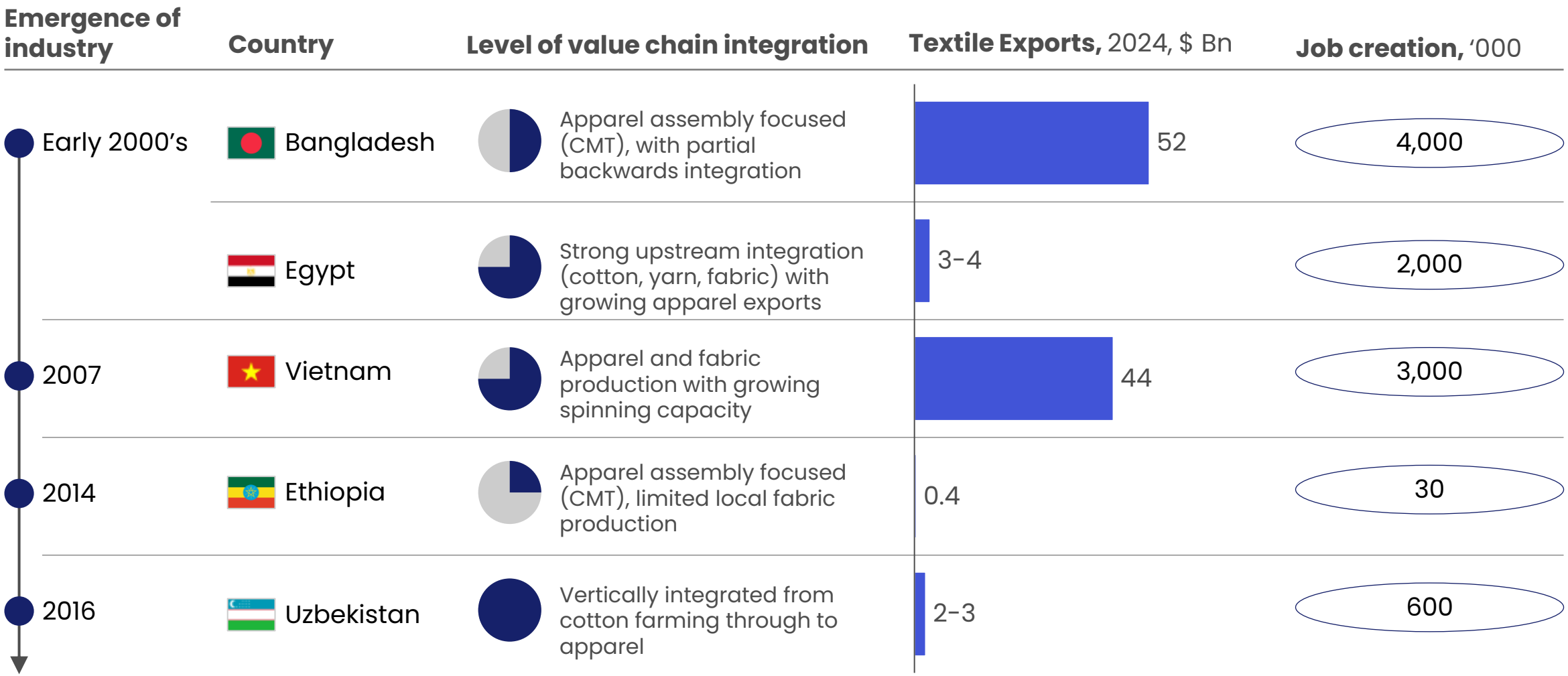
Key insights

- Cotton production declined ~7% p.a. **driven by repeated climate shocks and major market disruptions** that undermined farmer participation
- Climate shocks remain the dominant source of volatility: the 2016 El Niño drought, Cyclone Idai (2019), and **recurrent rainfall variability led to 10–30% contractions**
- Short-lived recoveries in 2017 and 2020 **were driven by favorable rainfall and the 2019/20 cotton price subsidy** (6 MZN/kg)
- **Productivity remains low at ~300 kg/ha**, reflecting smallholder-led, rain-fed production with minimal input intensity

UKaid from the British people **Manufacturing Africa**

Source: FAOSTAT

Successes among non-incumbent economies highlight Mozambique's opportunity to recapture value from textiles



Salient challenges impacting the cotton value chain (1/2)

NOT EXHAUSTIVE

Barriers to productivity		Relative severity	Details / root causes
Input supply	Seed quality and genetic improvement		• **Outdated and degenerated seed varieties cap yields (~300 kg/ha vs ~3,000 kg/ha potential)**, while mixed seed use drives uneven crop establishment and inconsistent fibre quality—locking the sector into low productivity and discounted lint prices
	Limited application and affordability of agrochemicals		• **High input prices, weak rural availability, and high transport costs limit fertiliser and pesticide use**, leaving cotton grown under chronic nutrient stress and high pest pressure—driving low yields
	Inadequate extension services		• **Severely under-resourced extension system (<4% farmer coverage) limits adoption of improved agronomic, pest, and harvesting practices**, resulting in persistently low yields, poor input efficiency, and quality losses
	Limited access to finance		• **Restricted access to credit beyond basic input packages from ginning concessionaire's constrains farmer investment in fertiliser, labour, equipment, and irrigation**, locking smallholders into low-input, low-output production
Cotton production	Low yields		• **Smallholder-led production, marked by very small plot sizes (<1 ha), limited mechanisation, and competing crop priorities**, constrains economies of scale and input intensity drive extremely low cotton yields (~300 kg/ha) and placing Mozambique in the bottom ~10% of global productivity

Manufacturing Africa

Source: Market research, FAO

Salient challenges impacting the cotton value chain (2/2)

NOT EXHAUSTIVE

Detailed ahead

Barriers to productivity		Relative severity	Details / root causes
	Climate vulnerability and water insecurity	A	• **With ~88% of cotton grown under rain-fed conditions** and minimal irrigation coverage, Mozambique's cotton output fluctuates by 30–50% between good and bad years as recurrent local droughts repeatedly disrupt production
Processing	Poor ginning out-turn performance		• **Ginning out-turn remains structurally low at 32–35%, well below the ~40% achieved in West African peers** and below national benchmarks. Contaminated cotton from poor picking practices and outdated ginning equipment results in avoidable fibre losses
	Insurgency and insecurity	A	• Persistent insecurity in northern cotton-growing regions **disrupts production, input delivery, and collection logistics, raising operating costs** and deterring long-term private investment across the value chain
Market	Price volatility		• **Farm-gate prices are highly volatile and weakly linked to global cotton prices due to administered pricing and limited competition**; delayed price setting and mid-season revisions create income uncertainty, discouraging input use and reducing planted area in bad years
Governance	Monopsy structure	B	• **Limited buyer competition under the monopoly cotton system depresses farm gate prices and input incentives**, discouraging investment in yields and quality contributing to persistently low productivity

Source: Market research, FAO,

A. Rising insecurity and repeated climate shocks drove Plexus Cotton's collapse from 2020

Company background

PLEXUS COTTON

Operations begun in Mozambique in 2002 holding sole purchasing concession in Cabo Delgado

>45kpta of seed cotton processed through 2 ginneries

38% market share; largest cotton processor

80,000+ smallholder farmers engaged

Factors that led to collapse

Climate shocks

Successive cyclones and rainfall volatility **destroyed crops and farmland sharply reducing volumes**

Insecurity and armed conflict

The Cabo Delgado insurgency raised security risks and operating costs while **eliminating lender appetite for working capital**

Debt crisis

Heavy bank debt and mounting farmer payments left Plexus undercapitalized. Liquidity constraints eroded trust, cut off refinancing, and **pushed the company into insolvency**

COVID-19

The pandemic eroded any remaining pathway to debt recovery as **logistics were disrupted and global cotton prices fell**

Impact

$8 Mn

Unpaid debt to local banks, triggering asset liquidation

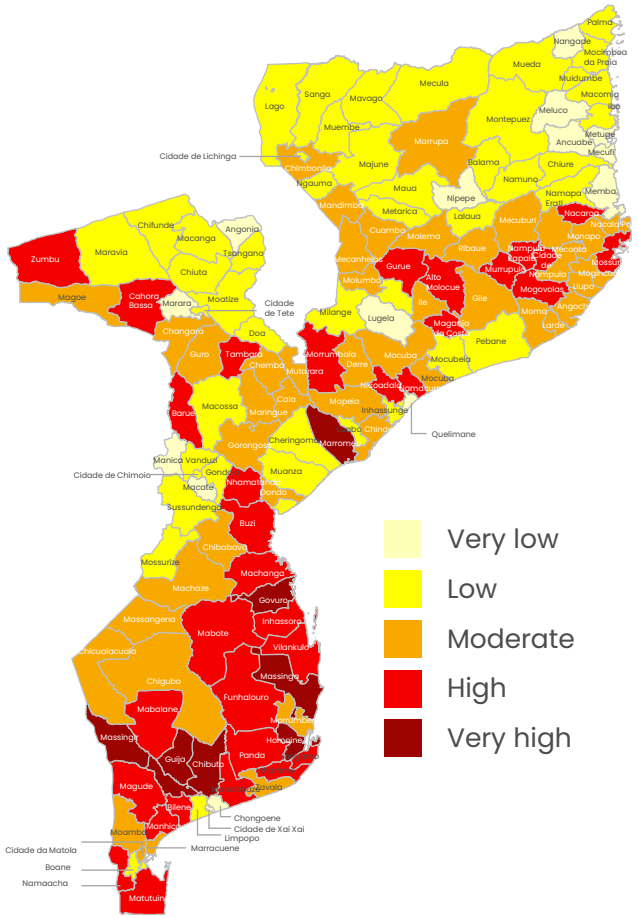
$48K

Unpaid farmer and worker payments

Source: Market research

A. Climate-resilience interventions from peer countries can be deployed to reduce weather-related volatility in Mozambique

Climate sensitive regions in Mozambique



Climate- resilience interventions for cotton in cyclone and drought prone area

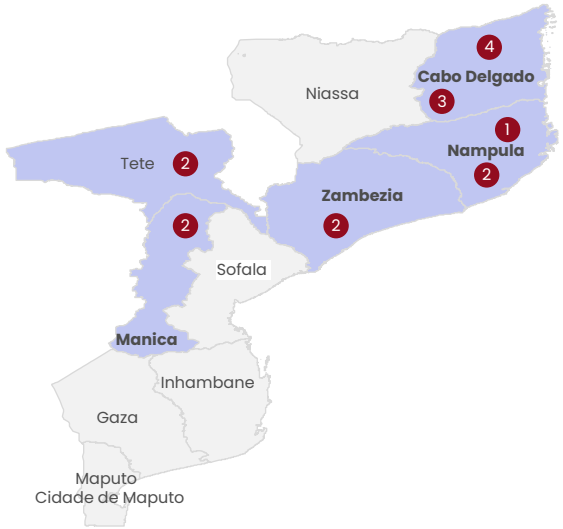
Intervention	Description	Country example
Genetically improved cotton seed	**Deploy drought-tolerant, early-maturing** seed that reduce crop loss from rainfall variability, shorten exposure to cyclone periods, and improve yield stability under water stress	
Supplemental irrigation	Introduce small-scale irrigation **(drip, solar pumps, or community boreholes)** to stabilize yields during dry spells	
Landscape-level watershed manage-ment and resilience infrastructure	**Develop water harvesting, check dams, soil bunds, and drainage systems to reduce flood damage** from cyclones and increase water availability during drought periods	
Index insurance & finance	Provide weather-indexed insurance linked to rainfall or cyclone triggers to **compensate farmers after climate shocks and enable continued investment in cotton production**	
Improved drainage and flood-resilient field design	**Construct drainage channels and raised planting beds** to prevent waterlogging and root damage during cyclone-related flooding	

Source: Muleia 2023

B. Ginning companies dominate Mozambique's cotton value chain through a concession-based outgrower model

NON-EXHAUSTIVE

Cotton concession regions



Ginning company

1. Sanam
2. Olam
3. jfs san
4. Plexus Cotton

Large ginners operating model

Stage		Description
Inputs		Ginning companies **control input supply within concessions**, providing seed, fertiliser, agrochemicals, and extension services **on credit**; Input costs are automatically deducted at sale
Production		**Produced exclusively by smallholders** (~100k–250k households). Production is concentrated in northern and central provinces and integrated into subsistence farming systems
Aggregation		Geographic exclusivity **eliminates independent traders**, with **farmers required to sell to their designated concession holder** at village collection points
Processing	**Ginning**	Vertically integrated ginners convert seed cotton into lint and cottonseed
	By-products	**Cottonseed remains under ginner ownership** and is either processed internally by integrated firms (e.g., OLAM Mozambique), sold to independent processors or exported
Retail	**Export**	**Ginners export >95% of output directly as raw lint**, mainly to Asian textile hubs. All trading and logistics are controlled by the same firms

Key implications:
Lack of competition in concession areas creates farmer disincentives - reflected in persistently negative Nominal Rates of Protection[1] - while insulating ginners from competitive pressure, allowing processing inefficiencies and low lint recovery to be passed back to farmers through lower farm-gate prices

1. Nominal Rate of Protection (NRP) measures the percentage difference between the price farmers receive at the farm gate and the world market price. A negative NRP indicates that farmers receive prices below world-market levels due to policy and market inefficiencies

Multiple cotton initiatives have addressed productivity and livelihoods, but impact has remained limited in scale

Positive impact Limited impact

Year	Initiative	Stakeholder	Investment, $M	Outcome
2010-present	**Cotton Made in Africa (CmiA)**	giz, AID BY TRADE FOUNDATION, PLEXUS COTTON, Olam, Gates Foundation, Gatsby Africa	**73**	Adoption of **sustainable farming practices by 60-75k farmers**, expanded **access to micro-credit** for 63k farmers, with a target of a **35% increase in agricultural incomes**
	Better Cotton Initiative (BCI) Africa	idh, bci, Sanam	**40**	Mozambique was **the first country to legislate Better Cotton Principles** (2013); pilot implementation costs fell ~10x (USD 50 to USD 5/MT lint), with adoption now reaching **86% of producers and 90% of cotton land**
2012-present	**FAO MAFAP**	Food and Agriculture Organization of the United Nations	**N/A**	**Designed Mozambique's cotton price-stabilisation framework**, including the MEP fund (110+ million MZM, 2021/22). The framework **underpinned government subsidy programmes (2019–2024)**
2016-2020	**IDH climate resilient program**	idh, jfs, Sanam, Olam, AFPRO	**0.4**	Constructed **68 water-harvesting structures and training 519 farmers on Better Cotton practices**. Livelihood improvements were observed, but impact remained limited in scale (0.5% of farmers)
2019-2025	**Government price subsidies and stabilization programs**		**13**	**Production increased by 55%** in 2020/21 to 45,800 tonnes. The program supported up to **120k farming families annually**. Support ended in 2025 due to fiscal pressures, after which the minimum price fell 26.7%

We have identified 7 potential plays of value addition opportunities for Mozambique cotton

(X) Standalone investments (X) Vertically integrated plays

Vertical plays	Cotton production	Ginning and pressing	Spinning mills	Weaving and knitting	Dyeing and finishing	Garment manu-facturing	Country examples	Company examples
1 Ginning		✓					India, Brazil, USA	Manjeet cotton, India
2 Spinning			✓				Pakistan, India	Nishat mills, Pakistan
3 Garment manufacturing						✓	Bangladesh, Cambodia, Ethiopia	DBL group, Bangladesh
4 Weaving and finishing				✓	✓		Turkey, India	Arvind limited, India
5 Integrated fabric mills			✓	✓	✓		Turkey, China, Egypt	Sanko textile, Turkey
6 Spinning to garments			✓	✓	✓	✓	India, Vietnam	Vinatex, Vietnam
7 Cotton to clothing	✓	✓	✓	✓	✓	✓	China, Uzbekistan	Esquel group, China

A cost-weighted comparative advantage framework was applied to identify the most competitive cotton value chain verticals

A

Benchmark Mozambique's competitiveness across productive factors **against emerging African cotton value chain peers**

B

Map the **primary cost drivers and quantify their relative weight in total production** cost for each vertical play

C

Apply cost-weighted comparative scoring to identify where structural advantages are economically meaningful

A. Compared to peers, Mozambique is competitive in cotton supply but disadvantaged in energy, labour and trade costs

Comparative advantage analysis against up-and-coming cotton value chain African countries

Group	Productive factor	Mozambique	Ethiopia	Kenya	Benin	Egypt	Key insights
Raw materials	Farm gate price of cotton						Mozambique and Ethiopia are among the lowest-cost seed cotton and lint producers, **with farm-gate prices around US$0.4/kg**, supporting competitiveness in cotton-linked downstream activities
	Cotton lint price						.
Structural factors	Utilties[1]						Mozambique's electricity tariffs (~US$0.08/kWh) are **nearly 3× higher than Ethiopia's, while water tariffs are the highest** among comparable countries
	Labour[2]						Mozambique's minimum wage (US$104/month) is approximately **2× higher than Ethiopia**
Other factors	Logistics – cost to import[3]						Mozambique's **import duties on cotton fabrics (~20%) are materially higher than Egypt's (8–12%)**, increasing the cost of import-dependent upstream inputs
	Logistics – cost to export[4]						Mozambique has the second-highest export costs in the peer set, at roughly **2× the level of Kenya and Egypt at approx. $750**

1. Utilities reflect industrial electricity tariffs (USD/kWh) and industrial water tariffs
2. Labour reflects the national statutory minimum wage (USD/month)
3. Cost to import reflects applied import duties on cotton fabrics
4. Cost to export reflects border and documentary compliance costs per container

Source: World Bank Trading Across Borders WTO Tariff and Trade Data

B/C. Cost-weighted analysis highlights spinning and garments as Mozambique's most competitive downstream plays

PRELIMINARY

High-cost component | Medium cost component | Low-cost component

Presence of comparative advantage vs. other countries | Priority play | Conditional priority play

Vertical plays	Labour[1]	Logistics[2]	Utilities[3]	Raw and semi-processed cotton[4]	Maintenance[5]	
Ginning	15-20%	0-5%	10-15%	50-60%	15-25%	
Spinning	5-10%	0-5%	10-15%	70-75%	5-10%	
Garment manufacturing	25-30%	0-5%	5-10%	50-70%	0-5%	✓
Weaving and finishing	10-15%	0-5%	10-15%	60-65%	15-20%	
Integrated fabric mills	5-10%	0-5%	10-15%	40-50%	20-30%	
Spinning to garments	15-20%	0-5%	5-10%	45-50%	20-25%	✓
Cotton to clothing	15-20%	0-5%	5-10%	45-55%	20-30%	

Note: Garment production will require reduced fabric import duties or domestic fabric manufacturing capacity, alongside improvements in overall cost competitiveness to enable export competitiveness

1. Manufacturing wage levels and labour intensity (number of workers required per unit of output)
2. Distribution and inland transport costs for finished products to end markets
3. Industrial electricity tariffs and industrial water tariffs
4. Cost of raw and intermediate cotton inputs required at each stage (e.g., cotton for ginning, yarn for weaving, fabric for garments)
5. Equipment servicing costs, and capital intensity of machinery required for each vertical

Source: PACRA 2020

PPE and uniforms offer the strongest opportunity to anchor an integrated spinning to garments investment

Most viable investment opportunity

Type of fibre	Fabric type	Opportunity	Economic viability
Short to medium cotton fibres	Twill	PPE and uniforms	• Stable domestic demand for uniforms and PPE across security, industrial, and public sector employers provides anchor offtake • Targeted procurement or local-content incentives may be required to compete with low-cost Asian imports
		Denim	• Domestic denim demand remains limited and heavily constrained by the prevalence of second-hand clothing imports • Export competitiveness is challenging relative to established regional textile hubs (e.g., Mauritius, Lesotho)
	Plain weave	Hospitality (e.g., bedsheets and pillowcases)	• Hospitality or retail textile markets may not justify large investments due to limited scale domestically and limiting export competitiveness
		Capulanas	• Large imports in the North from Tanzania, however irregular purchasing patterns that limit the ability to anchor stable industrial production
Medium to extra-long cotton fibers	Mozambique primarily produces short- to medium-staple cotton, limiting the viability of textiles requiring medium- to long-staple fibres (e.g., premium fabrics)		

Targeted government interventions across inputs, infrastructure, and demand are required to unlock textile investment (1/2)

NON-EXHAUSTIVE

Vertical play specific

Dimension	Intervention	Rationale
Reliable cotton supply	**Price stabilisation mechanisms**	• Volatile and often below-parity farm-gate prices **suppress farmer investment in yield and quality**; previous price-stabilisation mechanisms **increased cotton production by ~55%**
	Certified seed distribution and R&D for improved varieties	• **Outdated and degenerated seed varieties cap yields (~300 kg/ha vs ~3,000 kg/ha potential)**, while mixed seed use drives uneven crop establishment and inconsistent fibre quality—locking the sector into low productivity and discounted lint prices
	Embed Better Cotton-aligned extension in concession model	• **Severely under-resourced extension system (<4% farmer coverage) limits adoption of improved agronomic, pest, and harvesting practices**, resulting in persistently low yields, poor input efficiency, and quality losses
Improved logistics	**Corridor logistics improvement incl. rehabilitated roads and reduced paperwork**	• **High per-kilometer transport costs along the Beira and Nacala corridors (~2.42 USD/km)**, caused by delays at borders and weighbridges, non-tariff barriers, and weak intermodal links **raise operating costs** • Rehabilitation of the national EN1 national road
	Incentivize a review of the export process to reduce export costs	• Port and border compliance costs in Mozambique total **US$762 more than 2× Kenya's US$340** materially eroding export competitiveness
Infrastructure improvement	**Improve electricity distribution in Northern textile production zones**	• Lack of electricity increases reliance on alternative energy sources (e.g., generators), leading to **higher production costs (~8x more expensive than grid electricity)**
	Establish the USD 40M Textile park in central Mozambique	• **Comparable plug-and-play textile parks (e.g., Hasawa Textile Park)** have demonstrated that **shared infrastructure materially lowers entry barriers,** accelerates ramp-up, and enables coordinated scale-up across the value chain

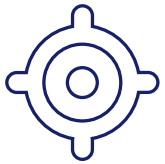
Targeted government interventions across inputs, infrastructure, and logistics are required to unlock textile investment (2/2)

NON-EXHAUSTIVE

Vertical play specific

Dimension	Intervention	Rationale
Affordable and productive labour	**Establish vocational colleges and training centres**	• **Buyer requirements increasingly demand speed, quality, and flexibility,** which depend on skilled operators, supervisors, and line managers • **Early investment in training shortens learning curves,** accelerates ramp-up, and reduces defects and enables sustained competitiveness **and repeat orders**
	Align national textile wages in line with competitive countries	• Labour accounts for up to **~30–40% of total production costs,** making wage levels a primary determinant of location decisions for investors. Mozambique's minimum wage is materially higher than key competitive markets (e.g., Ethiopia)
ESG compliance	**Establish shared environmental compliance infrastructure to reduce CAPEX**	• **Wastewater treatment and chemical management are non-negotiable**; failure to comply leads to order cancellations and exclusion from global supply chains (e.g., REACH and ZDHC compliance)[1] • **Environmental non-compliance in textile clusters (e.g., dyeing and finishing hubs in India)** has caused **severe river pollution, court-mandated factory shutdowns, and buyer disengagement**, creating **long-lasting reputational damage**
	Align national regulation with buyer ESG requirements	• **High-profile factory disasters (e.g., Rana Plaza collapse)** demonstrate how labour and safety failures trigger global buyer disengagement and **long-lasting reputational damage at country level**
Energy and utilities	**Establish preferential tariffs for electricity and water**	• Compared to regional textile producers, electricity tariffs in Mozambique **are up to ~2× higher and water tariffs up to ~3× higher**, materially undermining cost competitiveness in energy and water-intensive textile processes

Vision for the cotton and textiles sector in Mozambique



For the country

Position Mozambique as **a regional hub for short- to medium-staple cotton textiles** by developing integrated spinning, weaving, finishing, and garment manufacturing to **supply PPE, uniforms, and hospitality fabrics**, leveraging domestic cotton production to capture greater value and create skilled manufacturing jobs

For the industry

Kickstart garment and hospitality textile manufacturing to serve a **regional market of ~800K PPE and uniforms and ~540K hospitality textiles** annually by expanding spinning capacity to 5,000t, kickstarting weaving and finishing capacity to 3,500t of cotton fabric, and establishing garment and textile manufacturing capacity of 1,340,00 units, with surplus yarn supplying regional export markets

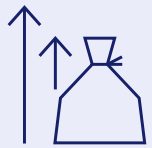
Vision for cotton can be achieved by deploying individual projects starting with an integrated textile mill serving domestic PPE's

Investment Project

Establish **vertically integrated spinning to garments facilities**, with ~4,000 t/year of spinning capacity and garment capacity of 100,000 units. At scale, this requires **$15–20M in FDI and can deliver $10–15M in annual revenues**

$15-20M

Investment required[1]



$10-15M

Annual revenue[3]

~400

Jobs created[2]

1. Includes CAPEX investment and required working capital for year 1 operations, including investment for double cropping and seed acquisition for the 1st crop
2. Does not include eventual seasonal workers
3. Assumes domestic price of $25 per workwear kit for PPE and uniform and $2800 per ton of yarn

The opportunity could be further unlocked by implementing 6 key initiatives

	Intervention	Description
1	Review and align minimum wage structures for textile and garment manufacturing to ensure competitiveness	Assess current wage levels relative to regional benchmarks and adjust where needed to balance labour competitiveness with worker welfare, supporting the viability of labour-intensive manufacturing
2	Mobilise donor and bilateral TA partnerships (e.g., Portugal, ICAC) to drive productivity	Establish targeted training programmes and on-the-job skilling in partnership with investors and donors to build capabilities in textile operations utilising existing vocational centers in the North
3	Establish a dedicated, project-specific fast-track lane at ports for exports and imports	Establish an Authorised Economic Operator (AEO) programme for the project operator, entitling it to exemption from physical inspections on export and import shipments, dedicated fast-track lanes at port terminals, and a customs officer designated as relationship manager
4	Complete the Chimuara–Nacala power transmission project to extend the 400 kV/220 kV line and new substations all the way to Nacala	Develop dedicated power infrastructure (substation and medium-voltage feeder lines) to ensure reliable electricity supply to the SEZ
5	Guarantee a dedicated discounted tariff for the SEZ below USD 0.08/kWh	Pilot a targeted industrial electricity tariff within the Nacala SEZ to identify the optimal balance between fiscal sustainability and competitiveness for investors and, subsequently, formalise a dedicated tariff for the SEZ below USD 0.08/kWh based on the pilot results
6	Grant long-term, investment-linked land-use rights in the relevant SEZ	Grant ~25-year investment-linked land rights to 15,000 m2 in the relevant SEZ to increase investor security for plant development

… where we have identified specific plays across the 5 priority value chains

PRELIMINARY

Greenfield project · Brownfield project · Both project types

Value chain	Play	Rationale	Potential investees	Expected Investment, USD
Edible oils	100k t/y Standalone Crushing facility of soybean	Mozambique has ~900 ktpa refining capacity but <50% utilization, signaling structural overcapacity. Strategy should pivot to crude-oil import substitution via soybean crushing—the only oilseed with relevant domestic demand for oil and oilcake—with a potential ~$580M regional opportunity	meru, Maëva, Bakhresa Group, Olam Agri	15–20M
Cotton	Vertically integrated spinning to garments facility, with ~2kt/year of spinning capacity and 200,000 units	Prioritised as the next step in value addition, building on existing ginning capacity to convert lint into yarn locally and establish the necessary input base for PPE and uniforms manufacturing	jfs	25–30M
Rice	50k t/y E2E rice production, from certified seed production to rice milling	Reliable access to certified seeds and rice paddy feedstock are main bottlenecks for competitive rice production in Mozambique - thus a completely integrated play is the most viable one	ETG, MOZLAND	120–130M
Cashew	15k t/y Cashew raw kernel (shelled) play from aggregation to primary processing	Quality and production loss due to unfit aggregator operation, high export incentives and aggregator make it critical for players to control this step of the value chain; Lack of secondary processing (roasting) and storage infrastructure make it less-viable to produce roasted kernel	Permanuts	20–30M
Tourism	25-bed luxury hotel and 60-bed premium hotel with full-service amenities	Mozambique benefits from distinctive natural and cultural assets, enabling an integrated marine and wilderness proposition—combining a 2,700km Indian Ocean coastline, rich marine biodiversity and island destinations with inland national parks and frontier wilderness experiences	&Beyond, Singita Game Reserves	20-30M

Rice self-sufficiency is a national priority for Mozambique, with focus on productivity and import substitution

NON-EXHAUSTIVE

Project for Improvement of Rice Productivity in Zambezia Province (ProAPA), *2016–2022*	Rice Value Chain and Climate Resilience Project (RIVACREP), *2023–2028*	Strategic Plan for Agricultural Development (PEDSA II), *2020–2030*	Rice Seed Value Chain Development of Mozambique, *2016–2019*
Programme supported by JICA to improve productivity of rice in Zambézia over 6–10 years	**Strategic plan and grant financing by AfDB to develop the rice value chain in Mozambique**	**10-year roadmap for agricultural sector transformation**	**3-year plan to increase production, supply, and accessibility of rice seeds by formalising the sector**
*Focus on **improving productivity** through seed management and enhanced irrigation*	*Focus on **productivity increase, self-sufficiency, climate resilience and competitivity***	*Focus on **productivity increase, and import substitution***	*Focus on quality seeds as an enabler of **greater rice productivity***
Example priorities Increase productivity of rice in Zambezia Province to 2.5 t/ha Increase productivity of rice in rain fed target areas to 2-3 t/ha Increase productivity of rice in irrigated target areas to 4-5 t/ha	**Example priorities** Increase rice yield from 1 t/ha to 4 t/ha Increase rice self-sufficiency in Mozambique from 50% to 75% Increase income in targeted areas from $590 to $1000 USD per capita	**Example priorities** Import substitution: reduce the value of rice imports by 25% Improve rice productivity from 1.1 t/ha to 2.2 t/ha	**Example priorities** Increase on-farm productivity of rice through increased supply and improved access to quality seeds of rice varieties Promote quality declared and certified seed systems amongst farmers in Mozambique

Mozambique has an opportunity to scale industrial capacity downstream across the rice value chain

Lateral value chain | Current commercial scale footprint

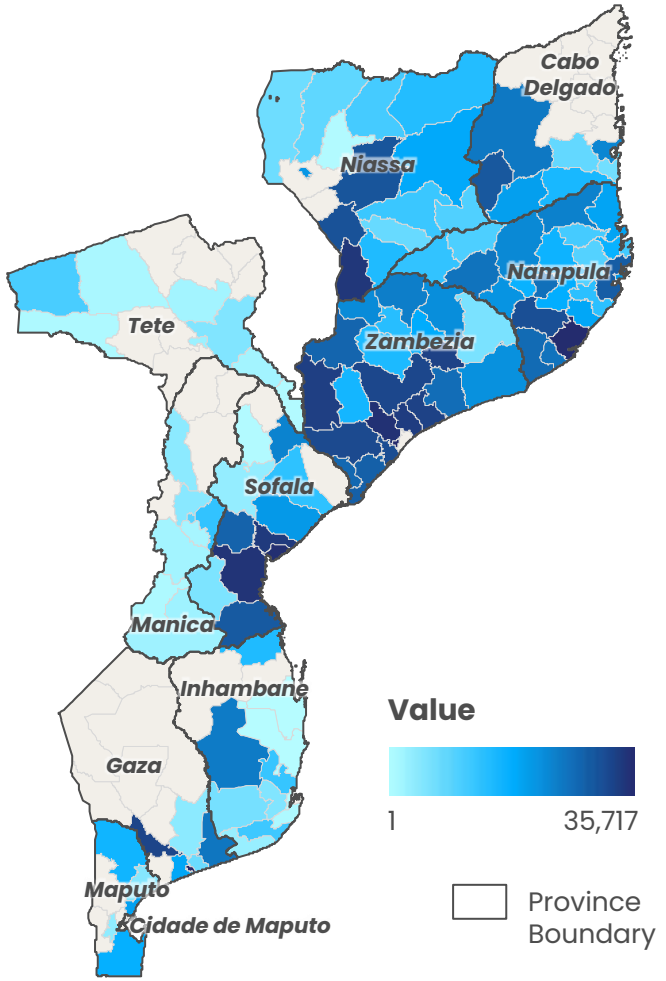
	Seed production	Rice Production	Drying and threshing	Milling and processing	Secondary rice processing
				Byproducts processing	
Rice value chain	**Production of certified seed (C1/C2) from basic seed;** concentrated in government agencies with limited certification capacity	**Cultivation by farmers**; 95% cultivated by smallholders with limited commercial-scale farms	**Separation of grain from panicle and short-term storage**, including cleaning/winnowing, drying, bagging and short-term storage	**Conversion of paddy into brown/white rice** through de-husking and polishing processes, includes quality control, fortification, and packaging	**Secondary processing of rice to increase value added** (e.g., bran oil, puffed rice, flakes, flour and alcohol)
Status in Mozambique	**Certified seed production capacity is limited** due to structural challenges and significantly below demand; market is dominated by counterfeit seeds	**Small and medium holder with subsistence-based production (<95%)** – mostly focused on crop rice for subsistence (~80% of rice production)	**Limited operations,** underperforming machinery and limited expertise drive post-harvest losses (up to 26%) and lower quality outputs		**No current presence/demand;** plants focus on meeting demand for whole rice
Share of value captured, %	← 45-50% →		50-60%	100%	N/A

Given domestic consumer preferences (e.g., aroma, size and stickiness), there is an **opportunity for premium milled rice varieties locally produced**

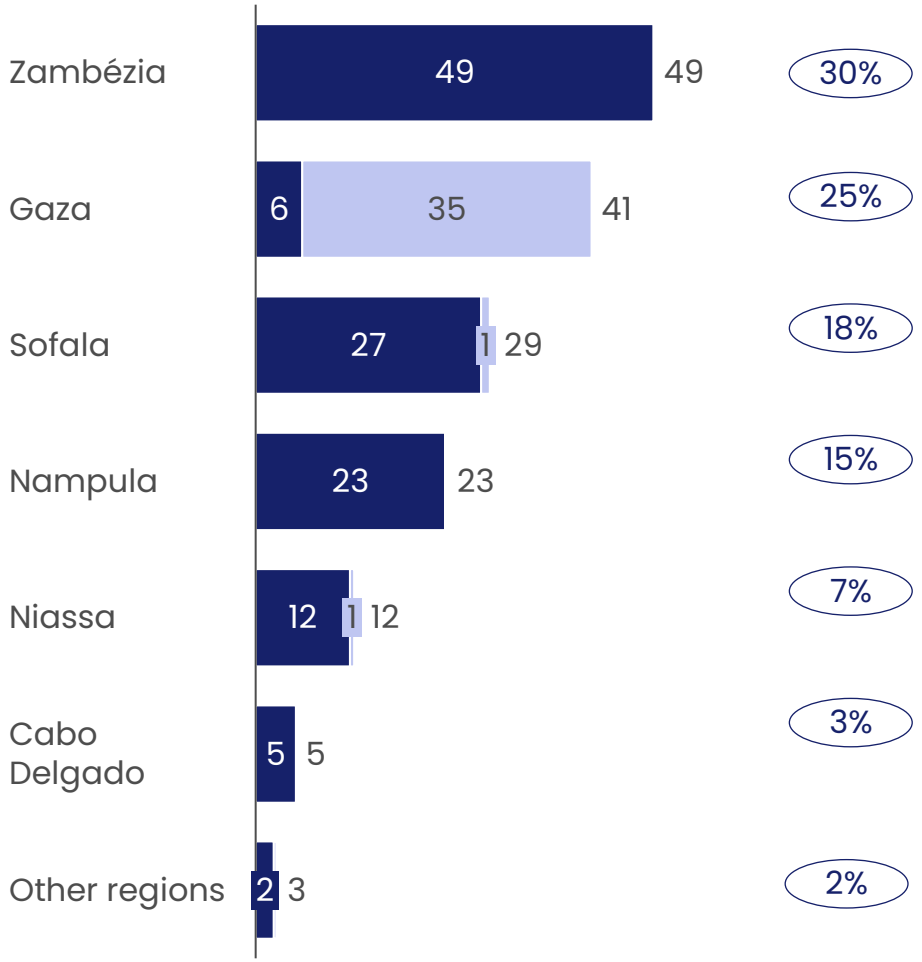
Source: Profitability of actors in the Value Chain of Commercial Rice, International Rice Research Institute, Expert Interview

Mozambique's rice production is concentrated on 6 regions, with 77% of total production conduced by small and medium farmers

Rice crop areas



Rice paddy production, ktpa, 2023



Key insights

77%

rice production is from small and medium farmers, mostly for family subsistence (631,000 families)

- **Small and medium farmers (1–10 ha)** cultivate mostly under a rainfed system due to high irrigation costs
- **Commercial production is concentrated in Gaza,** leveraging irrigation and proximity to processing plants

Source: IAI 2023, PNA 2030

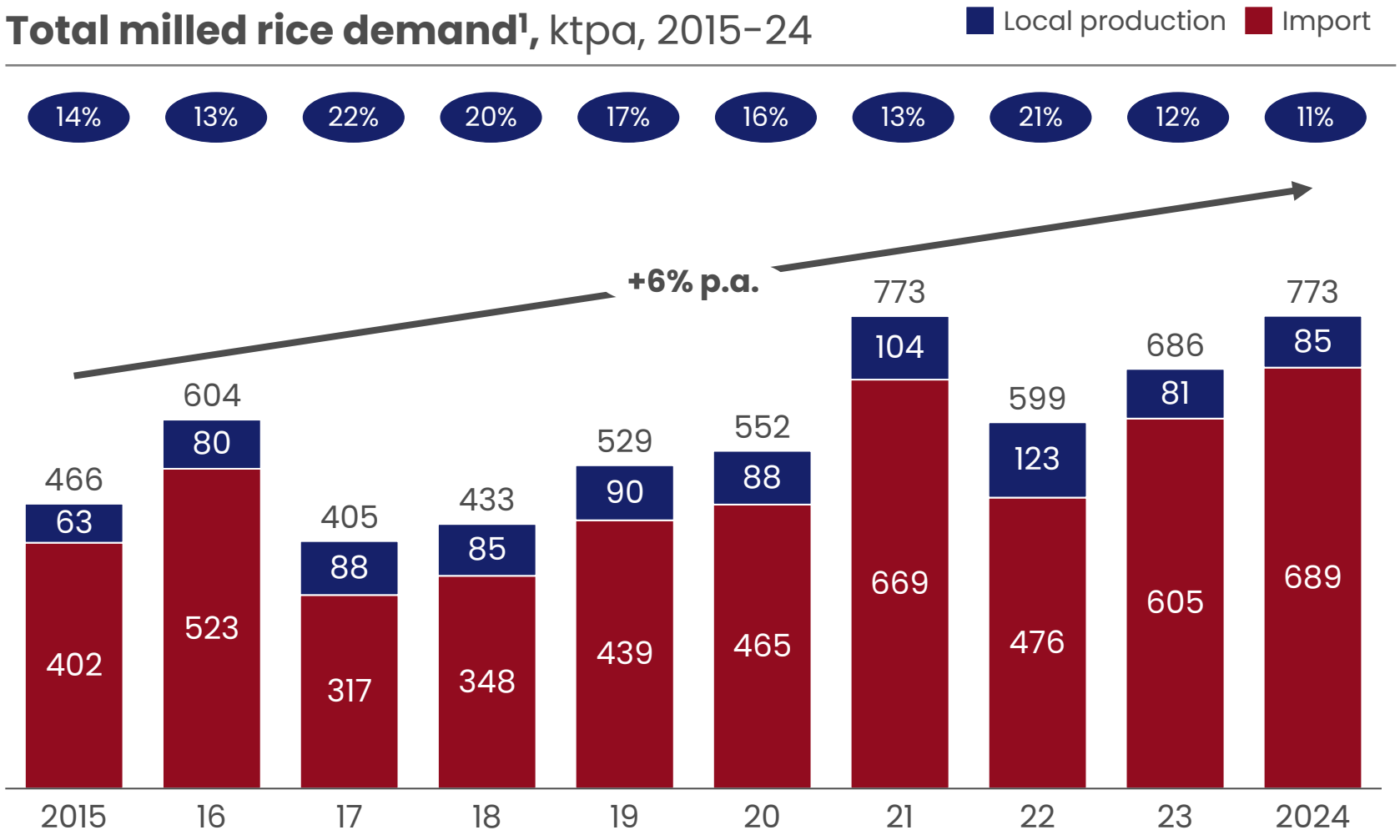
There are 2 big private players that operate across the value chain via downstream integration or leveraging an outgrower model

Key Private Players	Seed production	Rice Production	Drying and threshing	Milling and processing
	✓	✓ Proprietary and contract farming	✓	✓
TongaatHulett		✓ +600 contract farmers		✓
CSM				✓
Non-integrated players	**Public sector dominated** (IIAM and USEBA); few private companies	**+ 500,000 smallholder farmers** cultivating rice almost entirely for subsistence; organized in **+30 cooperative organizations**		**+9 medium processors in Gaza, Zambézia, and Sofala** sourcing locally

Source: Press search

Mozambican demand for milled rice is increasing steadily, along with an import reliance to supply the demanded volume…

Total milled rice demand[1], ktpa, 2015-24



Key insights

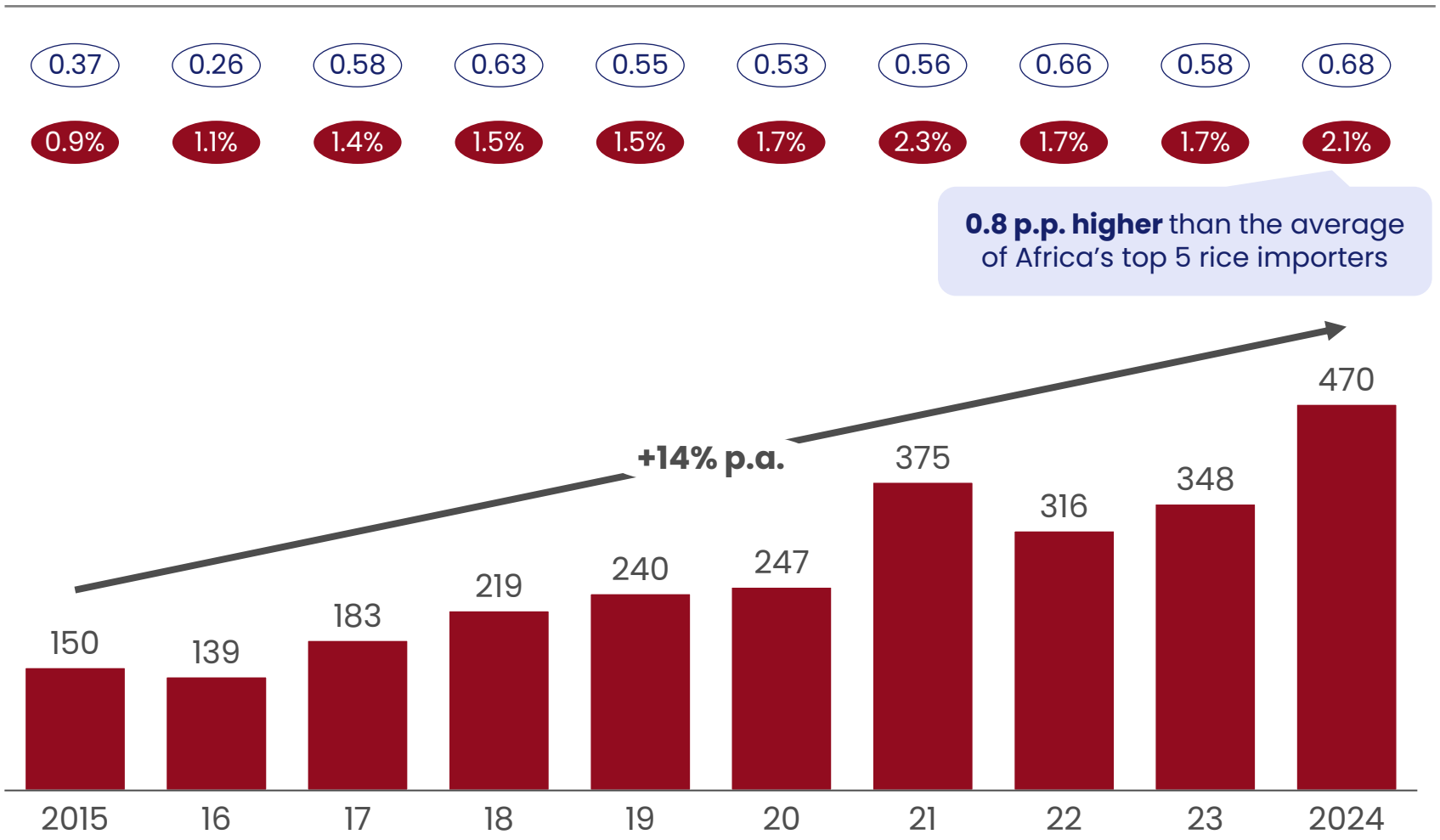
- **Population growth, urbanization and income increase** are the main drivers for steady rice demand in Mozambique due to the grain's versatility and convenience
- Rice is the **5th most important household staple food[2]**, representing an avg. of ~6% of a household's budget

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

… implying that 2.1% of Mozambique's GDP was destined towards rice import in 2024, becoming the top 5 largest import

Mozambique milled rice imports,
2015-2024, $USD M



Key insights

5th

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

1.8x

Price increase of imported rice since 2015, driven by the dollar price/currency depreciation, global supply shortages and

UKaid from the British people Manufacturing Africa

Source: TradeMap, World Bank, FAOSTAT

Mozambique's recent rice import restriction and ICM centralization could create momentum to drive domestic rice production

New policy is set to be enforced starting on February 2026

1. Humanitarian imports are exempted from the restriction

Source: Press search

Key insights

December 2025

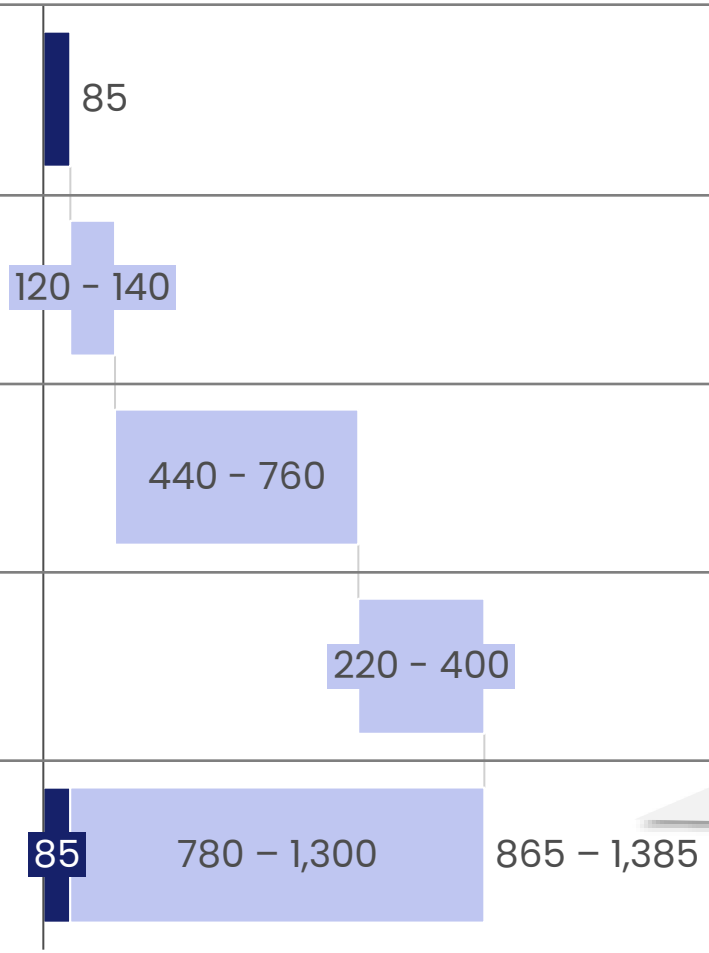
Government issues two decrees to implement **restrictions on rice imports**[1], centralizing all imports through Mozambique Cereals Institute (ICM), aiming to **manage foreign reserves and stabilize prices**

February 2026

Restriction take effect, with concerns from private sector groups

At full potential of rice production and milling, Mozambique could domestically supply its imported demand by 2x…

Full potential milled rice production, ktpa



Reasoning

Current production levels considering cultivation on 41% of suitable land (273,100 ha), at a 0.45 t/ha crop yield and 50% milling yield

Expand rice cultivation to 85-100% of suitable and available land[1] (626,918 ha) at current crop and milling yields

Increase crop yield to 1.6-2.2 t/ha[2] across all suitable cultivation area[1] at current milling yield[3]

Increase milling yield to 67-70%[4] across all cultivation area[1] at enhanced crop yield[3]

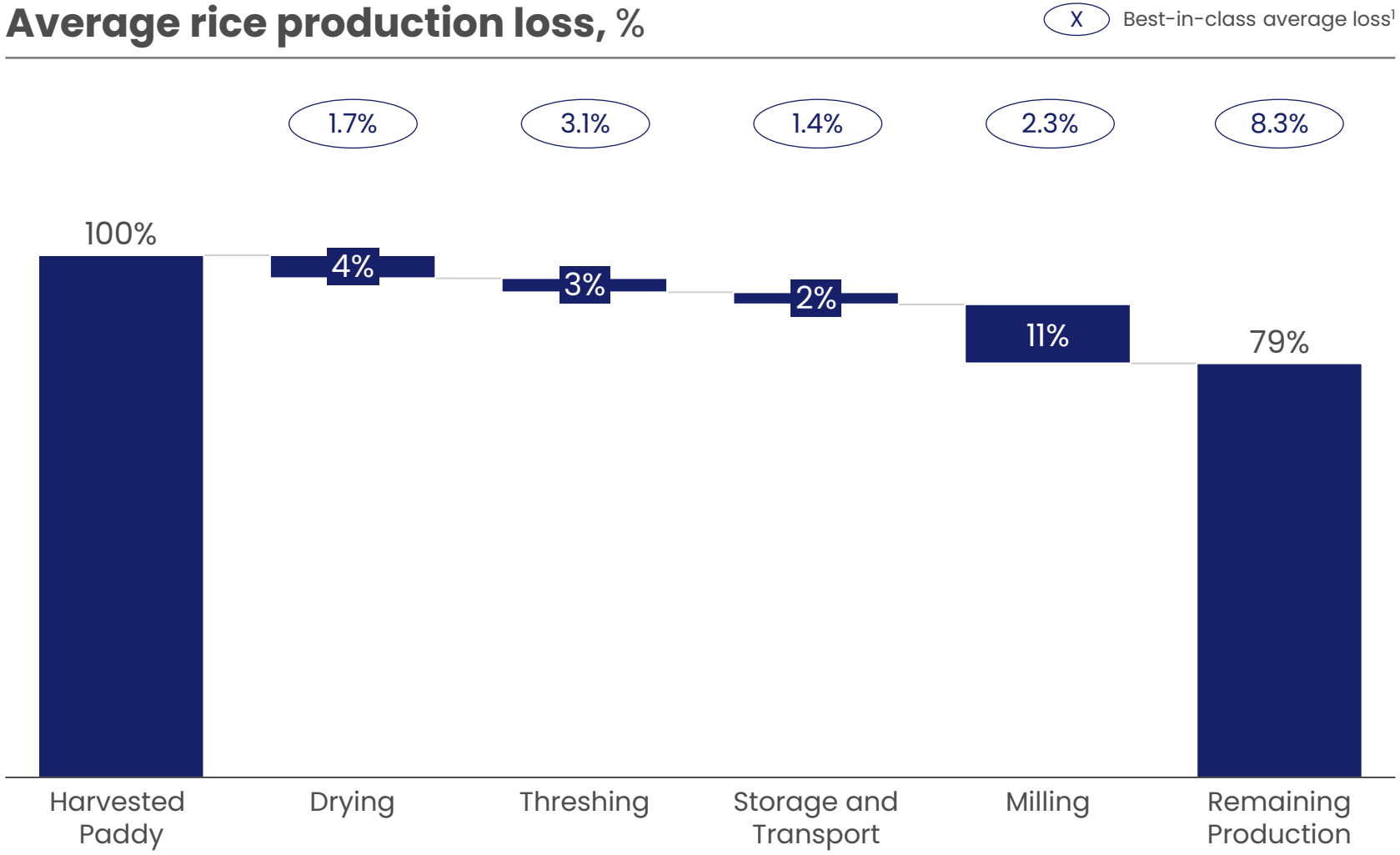
Milled rice production increase could **unlock USD 140 -360 M revenue per year**[5], while also **supplying the entire imported demand by 1,3-2x**

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)
2. Assumes crop increase to Plano de Estratégico para o Desenvolvimento do Sector Agrário 2030 (PEDSA) 2026 and 2030 targets, respectively
3. Does not account for production captured in previous steps
4. Assumes potential yield increase up to maximum commercial mill yield according to FAO
5. Considers a price range of 11,000-17,500 MZM per tonne, which translates into 176-280 USD per tonne considering an exchange rate of 0.016

Source: FAOSTAT, PNA 2030, Competitiveness Analysis of Local Rice to Imported Rice Mozambique, CARD

… which could be potentialized by improving post-harvest processes which currently accounts for a 21% processing loss

Average rice production loss, %



1. APHILIS

Source: China National Research Institute; African Postharvest Losses Information System

Key insights

- **Rice milling is the main loss driver across the value chain,** typically generating around ~30% of broken grain due to improper paddy moisture, outdated technology and mixed rice varieties
- **Lack of access to proper rice drying techniques** increase post-harvest loss due to pillage, contamination, and damage from birds and rodents

Non-incumbent countries have unlocked domestic rice production by leveraging FDI and government enablers to accelerate success

Policy implementation	Country	Context and approach	Rice production, 2024, ktpa
Early 90's	Laos	**Doubled rice production**, driven by **irrigation expansion, widespread adoption of high-yielding rice varieties**, and supportive government policies	3.8
	Bangladesh	**Doubled rice production by 2000's focused on guaranteeing enablers for rice intensification**, including massive irrigation expansion (~75% of area covered in 10 years), investment in "mega-varieties", and government subsidies for input access	60.6
2009	Ghana	**Achieved 47.5% rice self-sufficiency** (+23.5 p.p. increase) in 2022, leveraging **international partnerships and government support** to guarantee access to credit, cultivated land expansion, enhanced post-harvest handling and access to technology	1.7
2024	Indonesia	**Achieved rice self-sufficiency in 2026**, via **farmer subsidies, streamlined government regulations and diffusion of agricultural inputs** (e.g., irrigation infrastructure and high-yielding, climate resistant rice varieties)	53.1

Source: Press search, World Bank, FAO

Key constraints in the rice value chain (1/2)

NOT EXHAUSTIVE

Detailed ahead

Barriers to productivity		Relative severity	Details / root causes
Input supply	Limited irrigation adoption	A	• **Limited irrigation system availability (<50% operational);** maintainance cost-constraints and water availability keep production mostly rain-fed (92.3%), reducing yields and increasing climate exposure
	Limited application of agrochemicals		• **Input prices, supply gaps, and limited finance reduce agrochemical use** (~3.8% fertilizer; ~3.4% pesticides), contributing to nutrient stress and lower yields
	Inadequate extension services		• **Extension reaches ~12% of farmers,** slowing uptake of agronomy, pest control, and harvesting practices; yields and quality remain low
	Seed quality and genetic improvement	B	• **Most seed comes from informal channels (90–98%),** with limited quality assurance; varietal purity and performance vary, reducing yield potential and tolerance to shocks (e.g., climate)
	Limited access to finance		• **Credit constraints limits acquisition** of inputs, equipment, and irrigation; production costs rise relative to returns for smallholders

Source: Market research, FAO, JICA

Key constraints in the rice value chain (2/2)

NOT EXHAUSTIVE

Detailed ahead

Barriers to productivity		Relative severity	Details / root causes
Rice production	Inconsistent production supply		• **Production is concentrated among smallholders (often <0.5 ha) in seasonally rain-fed lowlands** (~90% of rice area), creating seasonal and variable supply (often one crop per year)
	Climate vulnerability and water insecurity	C	• **Climate-related shocks are a main challenge** for rice productivity as crops are exposed to droughts/floods. Events like Cyclone Freddy resulted in **~52% production decrease**
Processing	Poor post-harvest processing		• **Gaps in drying, storage, and handling increase post-harvest losses,** estimated at up to ~26% of production
	Low milling quality		• **Milling equipment and practices increase breakage,** reducing milled rice yield and limiting quality and value addition

Source: Market research, FAO, JICA

A. Irrigated system can deliver up to 10x yields than rain-fed crops, however it is concentrated in the Gaza region

Main cultivation system: Rain-fed Irrigated

Regions	**Cultivated area,** '000 ha, 2024	**Production output,** ktpa, 2024	**Rice yield,** t/ha
Zambézia	145,8	40,8	0.28
Sofala	52,4	47,5	0.91
Nampula	32,9	18,3	0.56
Cabo Delgado	16,1	3,7	0.23
Niassa	15,4	9,0	0.58
Gaza	5,4	48,3	8.98
Other regions[1]	5,2	1,7	0.33
Total	273,1	169,3	0.62

1. Tete, Inhambe, Maputo and Manica

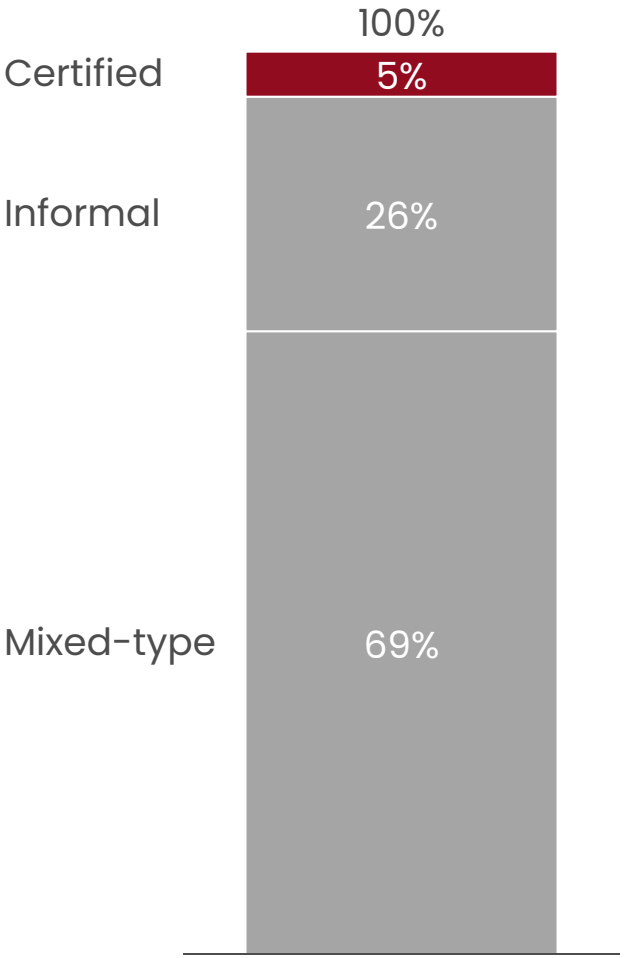
Source: Indicadores Básicos da Agricultura e Alimentação 2024

Key insights

- **60–80% of precipitation falls in one season**, limiting rain-fed farming flexibility
- Rain-fed areas face **lower soil fertility and nutrient leaching during dry spells,** increasing vulnerability to climate impacts
- Irrigation is **economically viable mainly on farms >5 ha,** given installation, maintenance costs and water costs

B. Certified seed utilization corresponds to only 5% of crops, as adoption is still a challenge despite 2.5x supply growth

Type of seed used, %



★ Variety with increased yield

Domestic production of certified seed has increased 2.5× since 2020, with a focus on more resilient varieties:

Variety	2020	2021	2022
Mucassane ★	137.1	142.0	380.4
Simão ★	30.1	42.5	54.0
Nenê		5.0	
Limpopo	3.9		
Total	171.0	189.5	434.4

~95% of seed used in Mozambique comes from the **informal market** (e.g., recycled seed from previous crops)

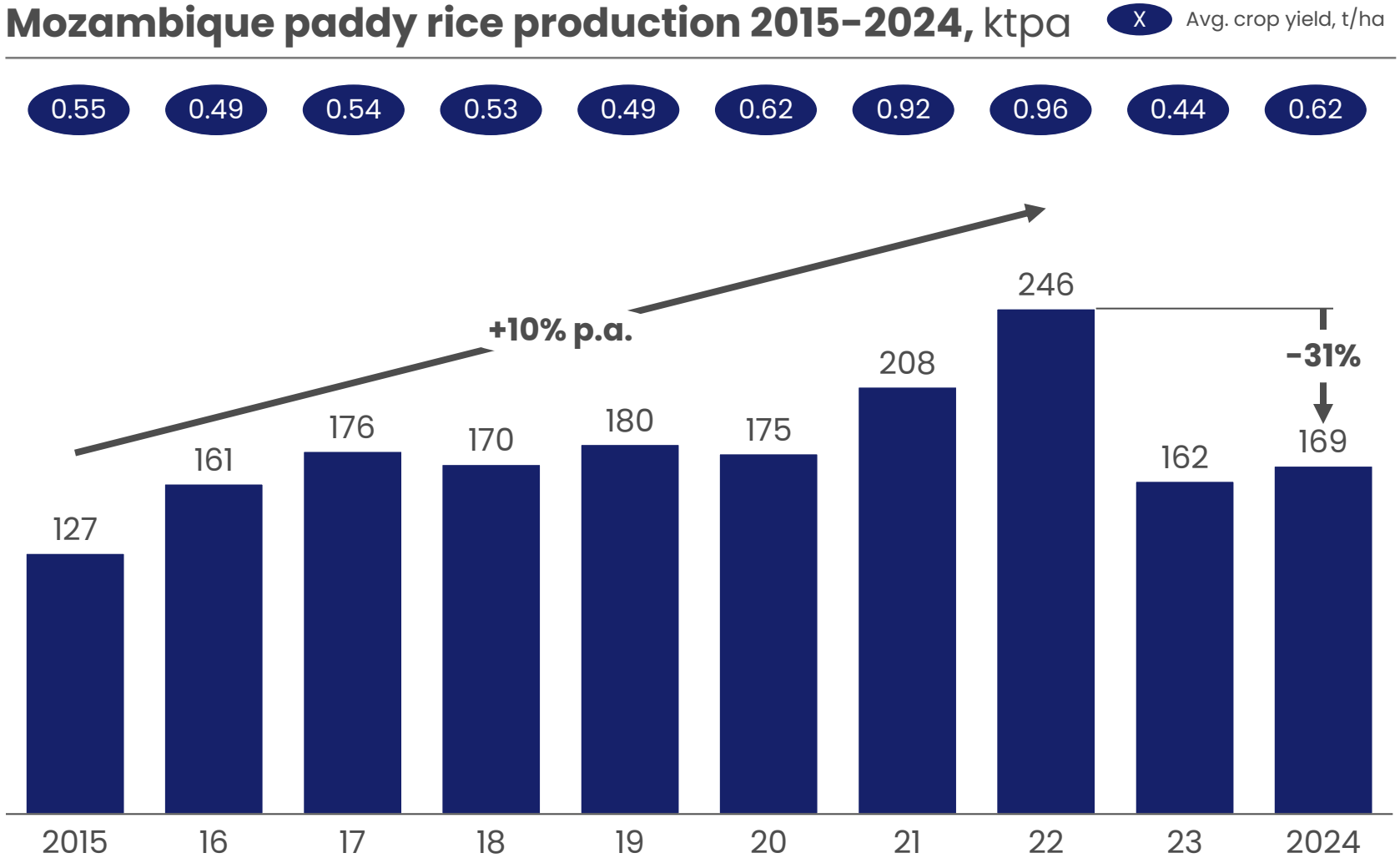
Farmers using **mixed seed typically rely on recycled seed** (91%) with few certified seeds (9%)

Key insights

- **Key barriers to certified seed adoption:** high prices (85.7%), limited availability (28.6%), and long distance to points of sale (14.3%)
- **Poor-quality seed** undermines smallholder productivity through low germination and vigour
- **Certified rice seed boosts productivity** through higher yields, improved disease/climate resilience, and genetic purity

C. Mozambique rice production was under a growth trajectory, but progress was severely hindered in 2022 due to climate shocks

Mozambique paddy rice production 2015-2024, ktpa



Source: FAOSTAT crops data

Key insights

- **Cultivation area and productivity increase drove rice production** growth trajectory until 2022
- **Climate shocks were the main reason for steep production decrease**, Cyclone Freddy and floodings have affected major production areas and related infrastructure (e.g., transport roads, irrigation, and milling)

C. Case study: India scaled flood-tolerant enhanced rice seeds to reduce flash-flood crop loss

Context

Odisha region represents 30% of India's rice cultivation area, but is **prone to flash flooding that can submerge fields for 10-15 days**

Historical low and unstable productivity (~0.5–0.8 t/ha) as farmers often abandon rice production during wet-season or switch to lesser yield-rice types

57% of farmers in Odisha are small or marginal-sized (>2 ha), with the average farm size of 1.25 ha

Approach

Odisha combined a **"drop-in" flood-resilient seed technology** with **fast diffusion mechanisms** before wet-season planting window; mainly targeting smallholder farmers

1. Genetically improved seed: Identified and introduced a seed variety (Swarma-Sub1) that had similar qualities to farmer's preference (e.g., aroma), high yields and was submergence resistant

2. Low-cost scale mechanism : Distributed 5kg of seed minikits with an easy-to-understand information sheet to few farmers per village right before planting to reduce testing risk and create local proof-of-performance, aiming later expansion via local seed sharing

3. Community level visibility: In highly flood-prone block (Bari), partners used **cluster demonstrations** (many neighboring plots in the same season) to make results visible and accelerate diffusion via proven results

4. Large-scale public distribution: Beyond pilots, distribution was supported through public schemes and multi-actor partnerships (government programs, research systems, NGOs, and seed actors), increasing seed availability at scale

Impact

Direct results:

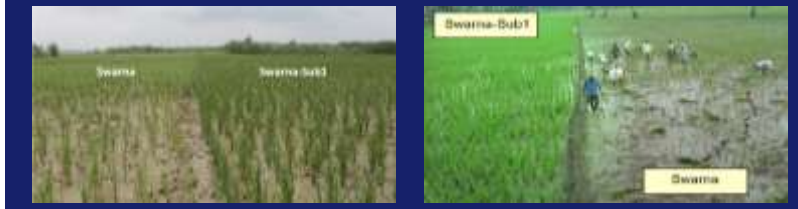
~45% yield increase versus the regular rice variety after ~10 days crop submersion, with increase yield benefit during a 7-14 days submergence and no penalty without flooding

~76% continued Swarna-Sub1 cultivation[1] the following year, with regional spillover via seed transfers beyond direct recipients.

Enhanced overall **farmer investment behaviour:**

+33% usage of more productive farming practices (e.g., transplanting).

~10% more spending on fertilizer concentrated in fertilizers applied earlier in the season, when flood risk is higher



1. Considering initial minikit recipients and cluster participants

Source: Food Security, International Rice Research Institute, Agriculture in Odisha

Previous rice initiatives have achieved targeted positive impact on production yield and certified seed-adoption

↑ Positive impact → Limited impact

Year	Initiative	Stakeholder	Investment $M	Outcome
2008-18	**National Rice Development Strategy**[1]		757	↑ **Increase of 2.1x in rice paddy production given land-usage increase, but limited yield increase** during phase 1 (2008-18), by prioritizing rice under PEDSA and guiding international investments to critical topics for rice production (e.g., irrigation, fertilizers, market access)
2018-20	**Agriculture Productivity Program for Southern Africa (APPSA)**		94,6[1]	↑ Achieved **90% enhanced rice seed adoption among participants** in Mozambique, via creating regional excellence centers to develop and implement improved technologies (e.g., seeds, agronomy and post-harvest)
2016-20	**Project for improvement of rice productivity in Zambezia province (ProAPA)**		5.97	→ **2x rain-fed rice yields** through intensive extension, demonstration fields, local seed and milling support, **but struggled to lift irrigated yields** because planned irrigation rehabilitation lagged behind agronomic and organizational progress
2018-24	**Smallholder irrigated and market access project (IRRIGA)**		57	↑ **Rice yield increase from 1 MT/ha to 4.8 MT/ha**, via intensification of existing irrigation perimeters by rehabilitating/improving irrigation infrastructure, extension services, and strengthening cooperation
2025-present	**Rice Value Chain and Climate Resilience Project**		25	↑ **Ongoing project,** with no clear outcome registered.

1. Budget encompass all target crops, with no clear separation of crop destination

Source: World Bank, CARD

We have identified three value addition opportunities across Mozambique's rice value chain

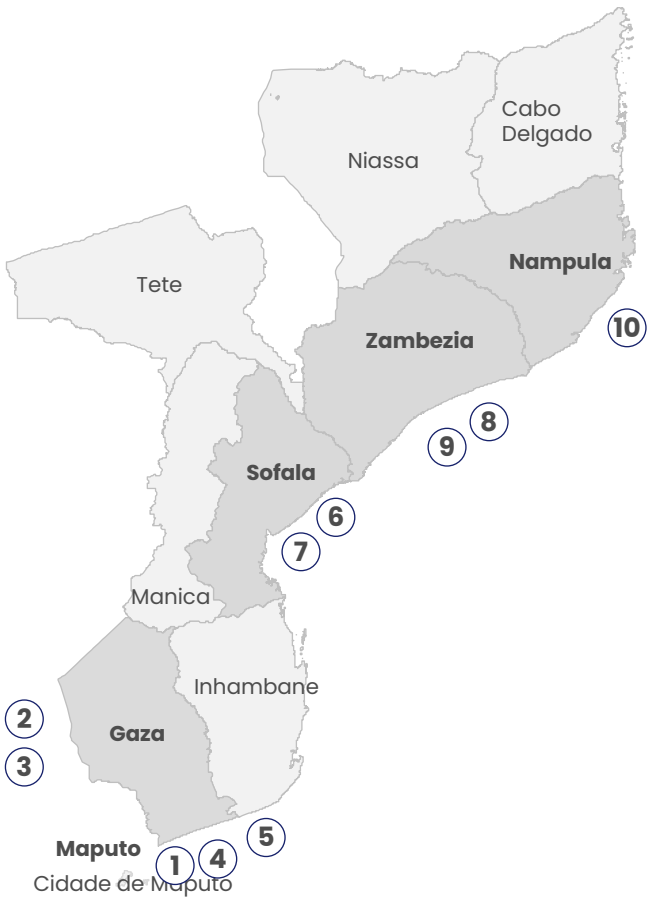
✓ Vertical activated

Investment opportunity	Seed production	Rice Production	Drying and threshing	Milling and processing	Rationale
1 Primary processing			✓	✓	**Increase high-quality processing of rice and reduce losses** by centralizing, mechanizing and increasing technological quality
2 Partial vertical integration		✓[1]	✓	✓	**Centralization of rice manufacturing with consistent and reliable feedstock** to ensure cost-competitive, higher quality products, lower losses, and increased value perception
3 Fully integrated model	✓	✓[1]	✓	✓	**Vertical integration across the value chain** to assure high-quality, timely access to critical resources in each step of the value chain

1. Direct farming is the main feedstock source with eventual demand met via contract farming

1. Rice milling factories in Mozambique have installed capacity of 408 ktpa – but utilization is constrained to feedstock availability

NON-EXHAUSTIVE



Utilized capacity | Idle capacity

	Company	Company	Installed capacity, ktpa	Capacity utilization, %
1	IGEPE / HICEP	Chókwè	69 + 12 = 81	85%
2		Xai-Xai	164 + 41 = 206	80%
3	**MCT**	Mandlakazi	0 + 1 = 1	N/A
4	**Inácio de Sousa**	Manhiça	6 + 2 = 8	80%
5	**China-África**	Matutuíne	1 + 0 = 1	80%
6	**Chineses**	Búzi	11 + 11 = 22	50%
7	**MCT**	Caia	Non disclosed data	N/A
8	**ICM**	Namacurra	22 + 32 = 54	40%
9	**GAPI**	Nicoadala	11 + 25 = 36	30%
10	**MCT**	Angoche	Non disclosed data	N/A

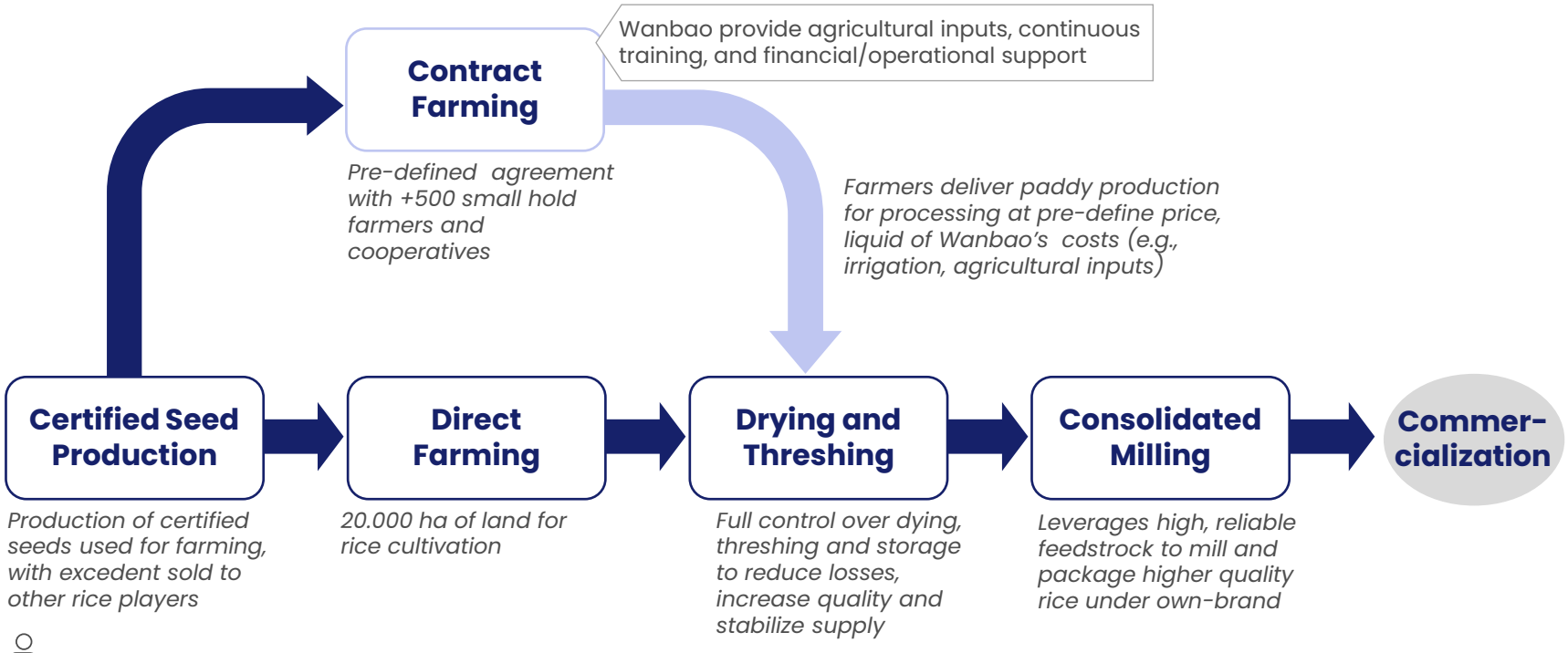
Key insights

- **High-idle capacity rates (50-70%) are concentrated in non-commercial rice production areas**, likely due to unreliable flow and quality of paddy rice supply
- Continuous, high-quality rice feedstock is the main bottleneck for lower rice manufacturing operations

Source: PNA 2030

3. Wanbao's fully integrated approach to rice value chain unlocks holistic value creation and bypasses traditional bottlenecks

Overview of Wanbao's operation model (2006-ongoing)



Key metrics

+14K jobs created since project

3.5-7x rice yield uplift, moving farmers from a 1-2 t/ha yield to 5-7 t/ha

71% increase on farmer's gross revenue, from 766 to 1,313 USD per ha

Key learnings

Access to the right inputs and capability can unlock small and middle farmers productivity, with achieved 80% adoption of improved seeds, leading to higher yields

Reliable access to supplies (i.e..: high-quality seeds and paddy rice) is critical for the financial viability and success of rice manufacturing in Mozambique

Complete vertical integration supported Wanbao on overcoming typical bottlenecks for rice manufacturers in Mozambique, enabling sustainable and continuous growth since deployment

Source: Rice for Africa

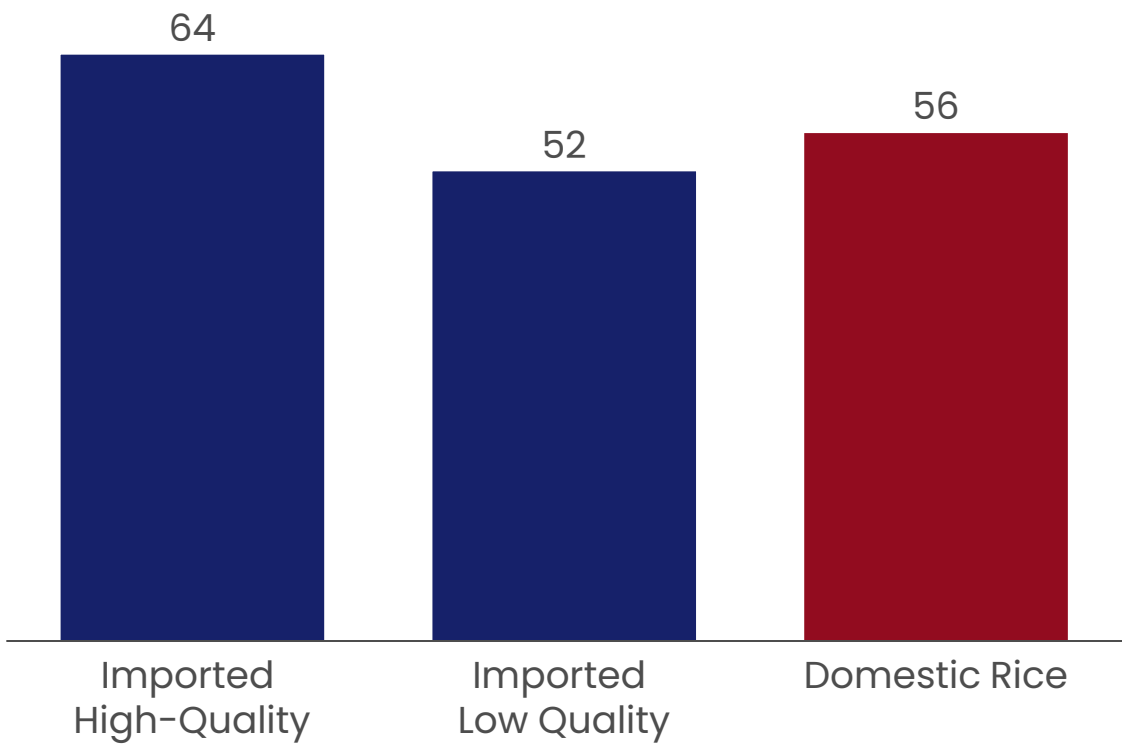
Fully integrated model ensures increases reliability and E2E of the value-chain, requiring targeted government enablers

Prioritized play

Investment opportunity	Play selection rationale	Key enablers
1 **Primary processing**	**Unreliable access to high-quality rice paddy is a main bottleneck for domestic rice processing,** which has under utilized installed processing capacity; specially in areas of non-commercial cultivation	• **Reliable, high-quality rice paddy supply**, including adequate moisture level and post-harvest storage • **Cost-effective access to appropriate post-harvest and milling technology**, including credit and import support
2 **Partial vertical integration**	**Lack of certified seeds availability** results in varying levels of crop quality and reduced yield, **impacting the whole value chain and decreasing value capture**; increases feedstock vulnerability during adverse moments of seed-shortages (e.g., post flooding or during seeding season)	• **Affordable and available high-quality inputs**, including seed, fertilizer, and agro-chemicals • **Reliable water management**, including irrigation schemes, drainage and soil-levelling • **Structured commercial model** with solid partnerships (e.g., outgrower model or contract farming)
3 **Fully integrated model**	**Control across the entire value chain increases product traceability and quality consistency** as it eliminates typical bottlenecks for private players (i.e., input access and reliable feedstock) while increasing resilience to adverse situations (e.g., increase of input costs or seed shortages)	• **Reliable access to basic seeds** for enhanced rice varieties • **Well-resourced national seed services** for timely inspection, certification, and enforcement of seed quality standards

Domestic consumers show a higher preference for Mozambican rice, and are willing to pay a premium given perceived quality

Rice prices, MZN/kg, national average 2021-22



Milled rice produced domestically has a higher price-point than low-quality imported rice, indicating **customer willingness to pay a premium for a perceived higher quality of domestic rice**

Customer perception

Research indicates that domestic customer **prefer locally produced rice given similar price ranges**:

- Medium to long grain and Translucent
- Intermediate amylase
- Non sticky
- Aroma and freshness (advantage)

Source: CARD – Competitiveness Analysis of Local Rice to Imported Rice in Mozambique

Targeted government interventions across inputs, infrastructure, and demand are required to unlock rice domestic production (1/2)

NON-EXHAUSTIVE

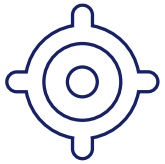
Dimension	Intervention	Rationale
Paddy rice production	**Rehabilitate and expand irrigation schemes**	• Irrigation is the **highest-impact lever to lift yields above subsistence (~1 t/ha), improve climate resilience and enable double-cropping**
	Scale certified seed multiplication and distribution	• **Speeding and increasing capacity for rice seed certification will rapidly expand farmers' access to genuine, high-germination seed**, countering widespread counterfeit and low-quality seed that depress productivity and food security • **Limited availability of foundation/basic seed** for climate-resilient, high-yield varieties constrains multiplication and uptake; capping yields and grain quality
	Enable private basic seed production (under QA)	• **Allow private production of basic seed — under strict quality inspection,** would diversify supply, reduce dependence on USEBA's variable output, and give international investors the option to secure their own foundation seed inputs
	Strengthen the national seed authority capacity	• **Speeding and strengthening rice seed certification will rapidly expand farmers' access to genuine, high-germination seed**, countering widespread counterfeit and low-quality seed that depress productivity and food security
Improved infrastructure	**Rehabilitate rural feeder roads in key provinces**	• Poor feeder roads-especially in the rainy season-cut off farmers from mills and markets; **raising transport costs and reducing milling utilisation and farmgate prices**
	Provide reliable three-phase power	• **Mills require reliable three-phase power**; frequent outages drive downtime, equipment damage and inconsistent product quality—raising unit costs
	Expand climate-resilient drying and storage capacity	• **Insufficient drying and storage leads to ~20% post-harvest losses and seasonal supply gap**; modern storage extends the availability of paddy year-round, smoothing supply for mills that need continuous throughput.

Targeted government interventions across inputs, infrastructure, and demand are required to unlock rice domestic production (2/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale
Access to Finance and Credit Support 	**Provide predictable FX access for key input imports**	• Without predictable FX allocation, **input and capex procurement becomes volatile and delayed;** deterring long-term investment
	Streamline land access procedures	• Establish a **single-window service bundling DUAT, environmental licensing and investment permits** to streamline timely investments
Energy and utilities 	**Offer time-bound electricity incentives for agro-processors**	• **High electricity tariffs compress already thin milling margins;** reducing operating costs during early-investment years can unlock investment attraction and increase domestic competitivy versus imported rice

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, increased 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 990[1] 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

The vision for Rice can be achieved by deploying individual projects starting with an integrated rice production and milling plant

Investment Project

Establish **Mozambique's largest rice mill (75 ktpa installed capacity) as an end-to-end vertically integrated platform,** also covering certified seed production, irrigated own-farm production and contract/outgrower sourcing to ensure consistent, high-quality feedstock

$120-130M

Investment required[1]

$50-60M

Annual revenue[3]

$40-50M

FX on milled rice imports saved per year[4]

~4,600

Jobs created[2]

~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
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)

The opportunity could be further unlocked by implementing 10 initiatives (1/2)

Intervention	Description
1 Guarantee **timely and sufficient supply of preferred basic seed** per season	Set up annual planning and allocation to ensure preferred basic seed is available ahead of the certified seed production season, with priority access for the integrated player
2 Establish a **fast-track registration and domestic production approval** for new rice seed varieties	Create a dedicated fast-track process for basic-seed variety registration and local multiplication aligned to rice integrated player's targets and timelines
3 Establish a dedicated **fast-track lane for rice seed certification** for integrated rice players	Implement a priority certification pathway for certified rice seed produced by the integrated player, with pre-season approvals to reduce delays and raise quality confidence
4 Guarantee application of **customs duties and VAT exemption** for rice production inputs and machinery (e.g., irrigation)	Ensure 0% import duties and VAT exemptions are applied to rice production inputs and machinery (e.g., irrigation) to reduce increase access to yield-increasing chemicals and const-competitiveness vis-a-vis imported rice
5 Guarantee application of **reduced corporate tax**	Ensure the 10% agricultural corporate tax rate is applied tor ice integrated player to improve after-tax competitiveness versus the 32% standard rate
6 Guarantee application of **accelerated depreciation benefit**	Ensure application of accelerated depreciation (50% of useful life) for rice integrated player' assets to strengthen after-tax returns and reinvestment capacity
7 Grant **long-term, investment-linked access and operating rights** to the 50ktpa Zambézia rice milling facility	Provide~25 years operating rights to the Zambézia rice milling facility (50 ktpa installed capacity) reduce time to market and de-risk scale-up for international investors

The opportunity could be further unlocked by implementing 10 initiatives (2/2)

Intervention	Description
8 Grant **long-term, investment-linked access to 2,600 ha of irrigated agricutlural land** near the Zambézia rice milling facility	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
9 Negotiate a **reduced water tariff** for agribusiness for ~25 years	Negotiate a reduced agribusiness water tariff for roughly 25 years to improve production economics and make irrigated rice commercially viable
10 Commit to **rehabilitating and upgrading water-delivery infrastructure** to ensure reliable water access for milling and production areas	Rehabilitate and upgrade dams, canals, and water-delivery infrastructure to ensure dependable water supply for production areas and the milling facility

… where we have identified specific plays across the 5 priority value chains

PRELIMINARY

Greenfield project · Brownfield project · Both project types

Value chain	Play	Rationale	Potential investees	Expected Investment, USD
Edible oils	100k t/y Standalone Crushing facility of soybean	Mozambique has ~900 ktpa refining capacity but <50% utilization, signaling structural overcapacity. Strategy should pivot to crude-oil import substitution via soybean crushing—the only oilseed with relevant domestic demand for oil and oilcake—with a potential ~$580M regional opportunity	meru, Maëva, Bakhresa Group, Olam Agri	15–20M
Cotton	Vertically integrated spinning to garments facility, with ~2kt/year of spinning capacity and 200,000 units	Prioritised as the next step in value addition, building on existing ginning capacity to convert lint into yarn locally and establish the necessary input base for PPE and uniforms manufacturing	jfs	25–30M
Rice	50k t/y E2E rice production, from certified seed production to rice milling	Reliable access to certified seeds and rice paddy feedstock are main bottlenecks for competitive rice production in Mozambique - thus a completely integrated play is the most viable one	ETG, MOZLAND	120–130M
Cashew	15k t/y Cashew raw kernel (shelled) play from aggregation to primary processing	Quality and production loss due to unfit aggregator operation, high export incentives and aggregator make it critical for players to control this step of the value chain; Lack of secondary processing (roasting) and storage infrastructure make it less-viable to produce roasted kernel	Permanuts	20–30M
Tourism	25-bed luxury hotel and 60-bed premium hotel with full-service amenities	Mozambique benefits from distinctive natural and cultural assets, enabling an integrated marine and wilderness proposition—combining a 2,700km Indian Ocean coastline, rich marine biodiversity and island destinations with inland national parks and frontier wilderness experiences	&Beyond, Singita	20-30M

Cashews, Macadamia, Groundnut and Dried Fruits are national priorities for Mozambique

NON-EXHAUSTIVE

Groundnut Cashews Macadamia Dried fruits

AFD Report on the Mozambican Macadamia Value Chain	Cashew in Mozambique, Challenges and Opportunities for Sustainable Development	Strategic Plan for Agricultural Development (PEDSA II) | *2020-2030*	SUSTENTA 2025
Assessment of the potential of Mozambican macadamia sector for the Almond Institute of Mozambique	**World Bank report on Cashew value chain in Mozambique**	**10-year roadmap for agricultural sector transformation**	**Programme to integrate family agriculture into productive value chains in Mozambique**
Focus on supporting local production and export facilitation	*Focus on improved productivity through upgrading trees*	*Focus on productivity increase and maintenance of high value tree nuts*	*Focus on reducing post-harvest losses*
Example priorities Facilitate direct export to China to support commercial plantations Drive investment in local cracking facilities to localise processing	**Example priorities** Increase yields from 3kg/tree to 11kg/tree Replace old trees with new ones and improve agricultural practice	**Example priorities** Grow cashew production area to 88k ha Improve cashew productivity from 500kg/ha to 1000kg/ha Ensure macadamia nut productivity remains at 4000kg/ha	**Example priorities** Implement solar drying systems to protect fruits from spoilage and reduce agricultural waste

Among nuts & fruits, cashew is the main investable-scale winner leveraging big production, premium price, and existing capacity

Main focus opportunity

Value chains	Potential Opportunity	Economic viability of large play	**Export value,** 2024, USD M
Cashew	**Increase export market share** of primarily processed cashew (raw kernel)	**Internationally competitive for cashew processing** as a top 9 African cashew exporter, with sufficient RCN[1] production (~158 ktpa), and installed **capacity underutilised (~62%) that can be ramped up quickly**. Primary processed cashew has a premium[2] of +2.7 USD/kg (≈71% of final price)	117.3
Macadamia	**Increase export market share** of Macadamia (raw and/or processed)	**Limited export scalability opportunity** due to limited production (2.3 ktpa) and growth constraints. Despite attractive processing premium (+5.4 USD/kg, ~60% of final price), there is **no domestic processing capacity** and low international market share may indicate **limited competitiveness** that may hinder premium capture	9.1
Groundnut	**Achieve domestic self-sufficiency** and/or increase export of groundnuts (raw and/or processed)	**Already self sufficient** with large production (~242.4 ktpa) and marginal imports (~0.1 ktpa). While **not being an export-competitive opportunity** due to limited competitiveness (no current exports) and small processing upside (3.1 USD/kg vs. 1 USD/kg raw) with no processing platform or synergies to anchor an industrial play	**No export**
Dried fruits	**Establish exports for dried fruits** leveraging current fruit production	**Limited addressable international market (~$120 M[3]) and limited competitive edge** for Mozambique at this stage, with no established industrial processing and packaging base	**No export**

1. Raw Cashew Nut
2. Consider typical premium practiced for the Mozambique
3. Assumes that 0.5% of global trade of Mangoes, Coconut, Pineapple and Bananas are driven by dried fruits

Source: Trade Map, FAOSTAT, Expert interviews

There is an opportunity to increase domestic value capture to 30% by expanding cashew primary processing in Mozambique

Current commercial scale footprint | No commercial-scale production

	Cashew production	Aggregation and drying	Primary processing	Secondary processing
Cashew value chain	**Planting and cultivating Cashew orchards**, taking 3 years to yield fruits, and 5-8 years for high yields	**Drying and storage, critical step to mitigate aflatoxin development**, cause of up to $450 M annually in crop losses in Africa	**Removal of toxic shell and skin, blanching, grading, and sorting** to prepare for sale or secondary processing	**Roasting and packaging** for retail and consumption
Status in Mozambique	**Majority smallholder producers**, concentrated in the north with 50% of production in Nampula	**Aggregation and storage by collectors** to sell to wholesalers	**69 kt capacity installed as of 2022 with 62% utilisation rate,** largely concentrated in the north and employing 7800	**Emerging informal but limited formal secondary processing** present today
Share of value captured, %	**5–10%**	**10–15%**	**20–30%**	**100[1]%**

90% of export volume

There is an opportunity to increase value capture as **raw kernel exports amount only 10% of export volume**

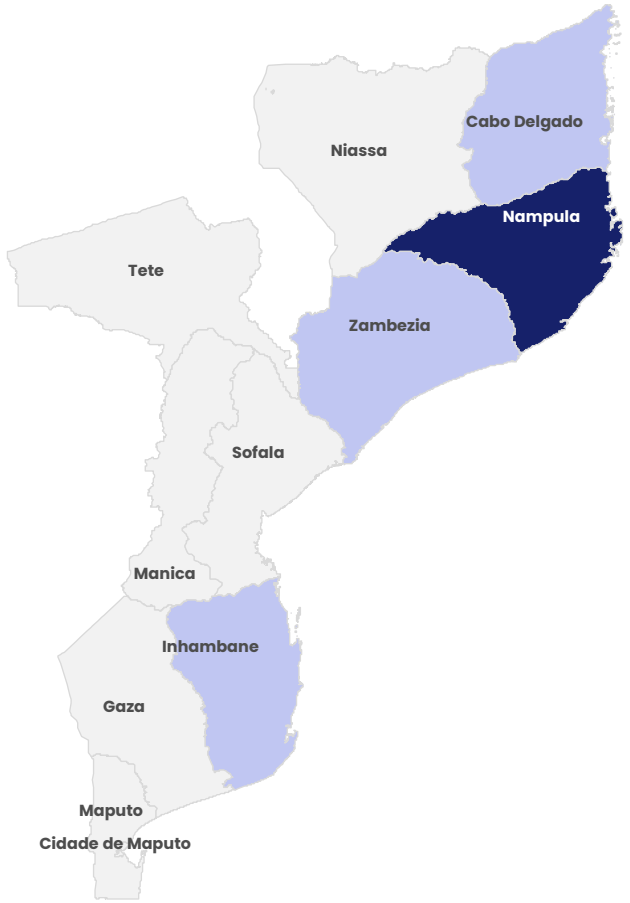
1. Value aggregation analysis considered consumer-level price for packaged Roasted Cashew, as it is the typical commercial level

Source: Sunflower and palm oil value chain analysis, TradeMap

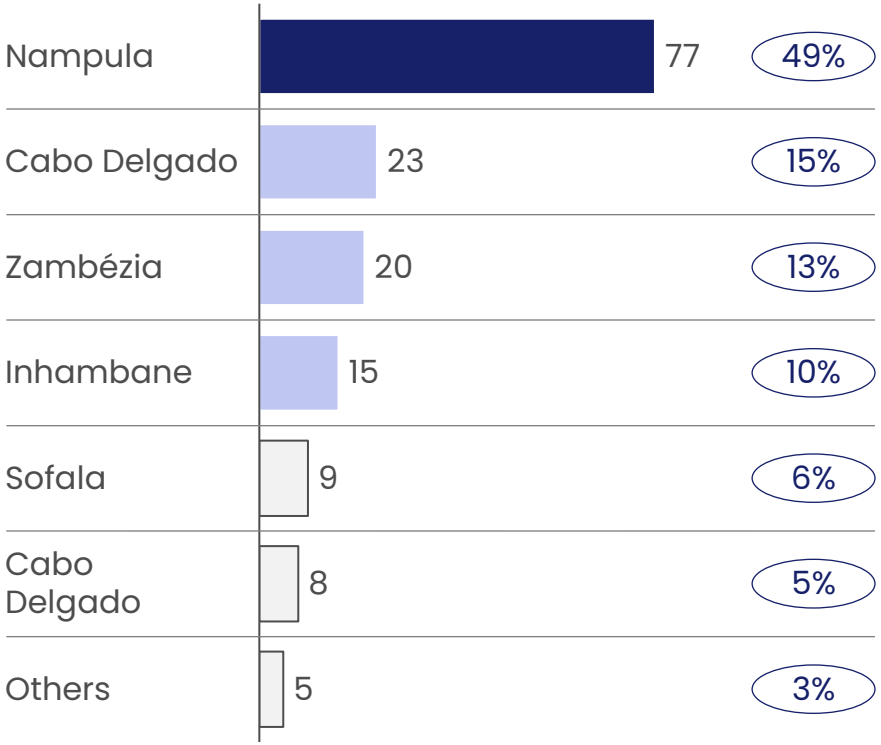
Mozambique's cashew production is cultivated by small farm-holders, mostly in the North and Central regions of the country…

Primary production area | Secondary production area | Others | XX Share of total, %

Cashew nut production areas



RCN[1] sold per region, ktpa, 2023



Commercially oriented cashew plantations are rare, with **negligible share in total production**

Key insights

87%

RCN[1] production and commercialization is concentrated in 4 regions: Nampula (49%), Cabo Delgado (15%), Zambézia (13%) and Inhambane (15%)

+1.4 M

Small farmers cultivate virtually 100% of RCN[1] production, typically growing 10-20 cashew trees mixed with other crops

1. Raw Cashew Nut

Source: IAI 2023, TechnoServe, World Bank - Cashew in Mozambique

… whereas private players operate on the primary processing vertical, with Permanuts centralizing most capacity utilisation

No presence

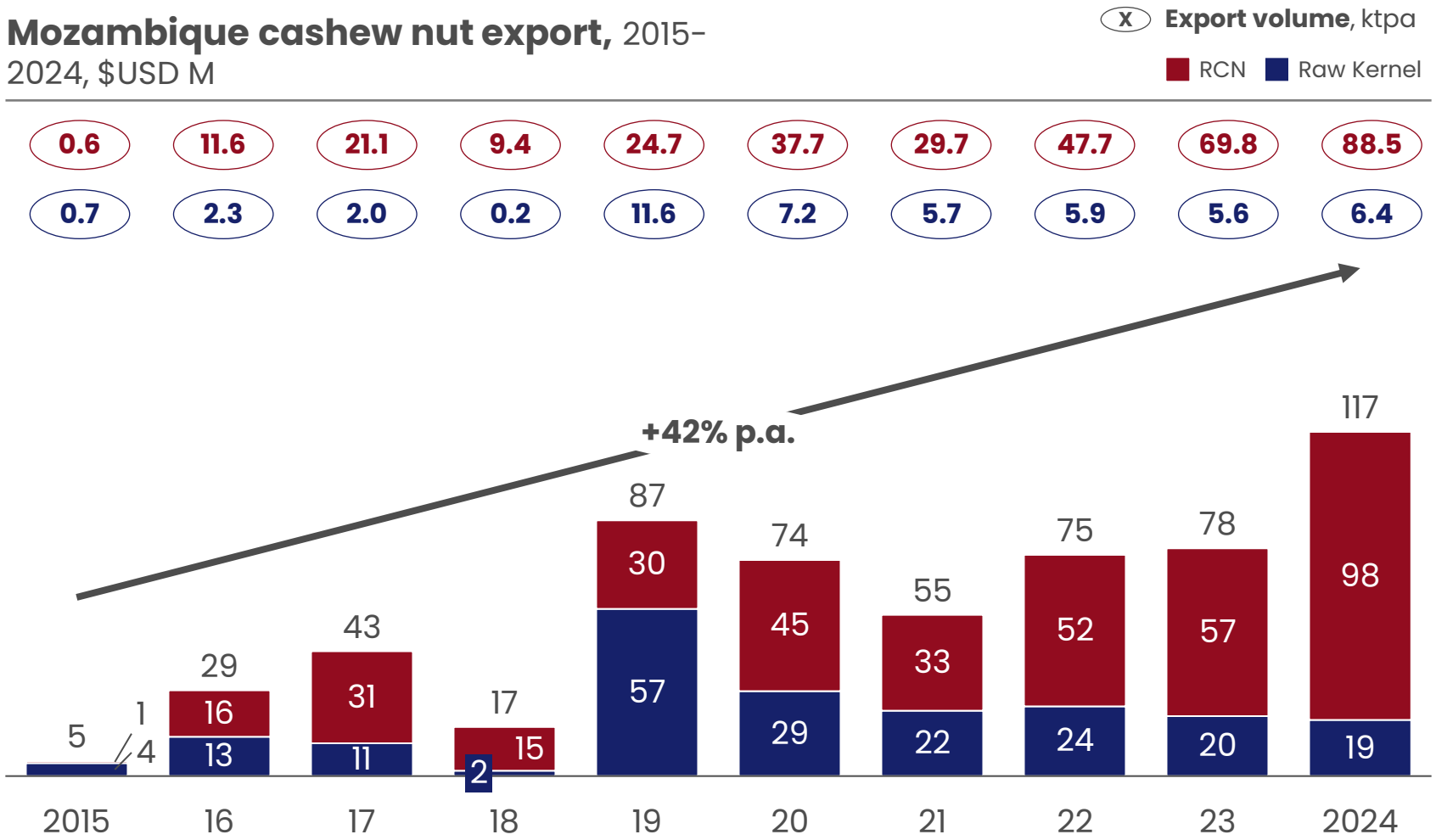
Key Private Players	Cashew production	Aggregation and drying	Primary processing	Secondary processing	Observations
			✓		
CN Caju			✓		Installed processing capacity of 5 ktpa per player is **largely underutilised (~10%)**
AGRICO			✓		Represents **90% of raw kernel domestic production**
Permanuts		✓ Purchases from aggregators (both with contract and independent)	✓		Installed processing capacity of 10 ktpa, with **high utilisation** (~90%)
sunshine nut co.	✓ Contract farming	✓ Eliminated middlemen to keep value at the origin	✓	✓ Locally roasted	N/A; evidence of **small production capacity**

Source: Press search, Expert interview

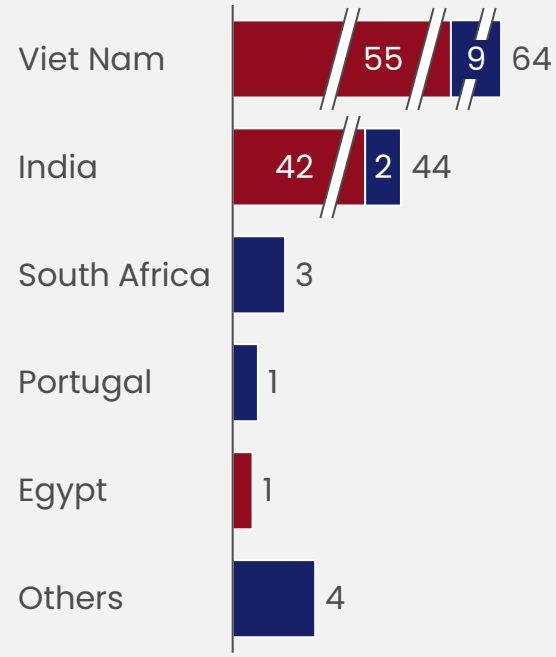
Today Mozambique cashew export growth relies on ‘raw value’, with opportunity to move participation up the processing curve

Recent export growth was anchored on RCN exported volume

Mozambique cashew nut export, 2015-2024, $USD M



Main export partners, 2024, $USD M



Export of raw, shelled nuts can **expand Mozambique’s trade partner network**

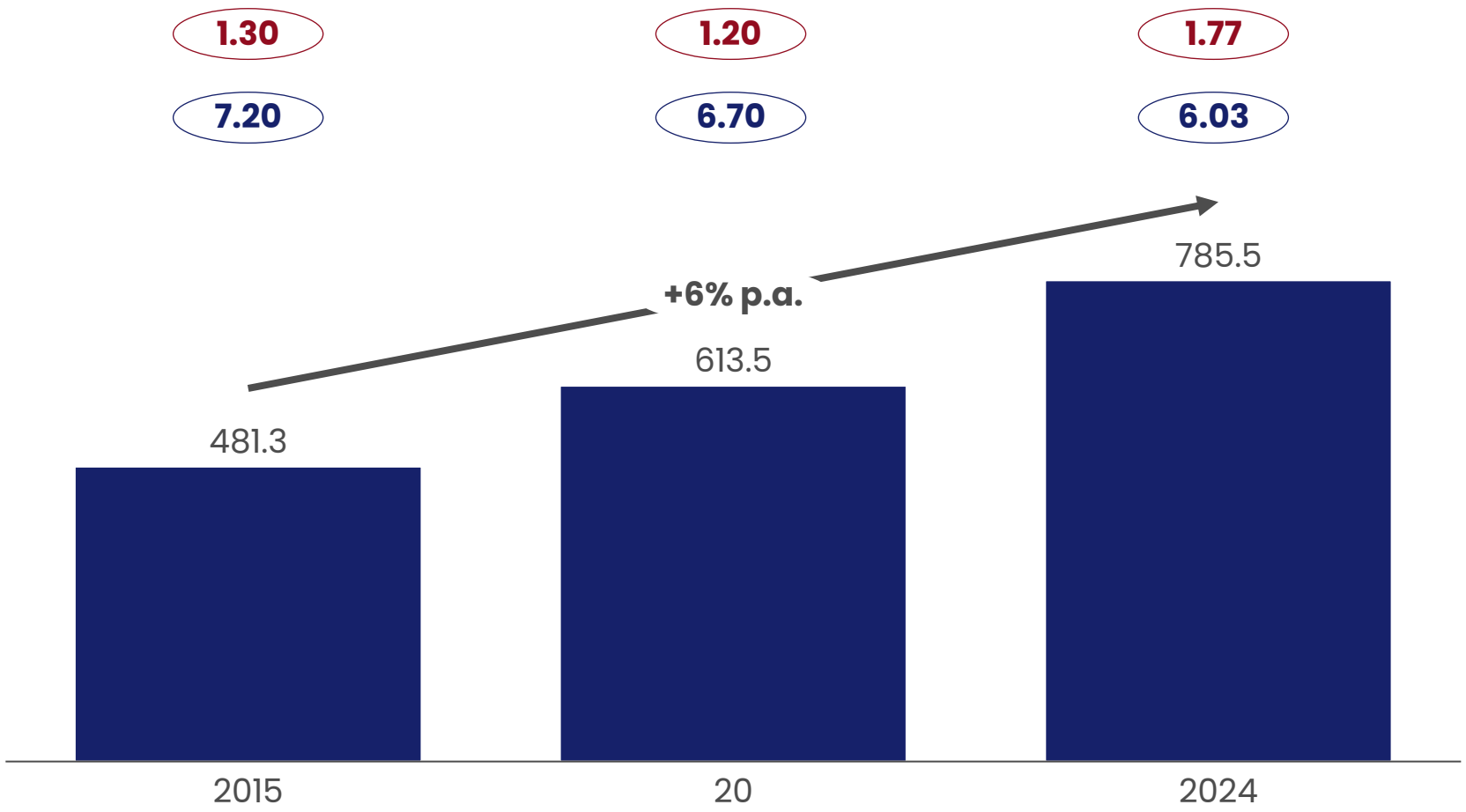
Manufacturing Africa

Source: TradeMap

Global buyers pay a structural premium for raw kernels and growing demand could be leveraged to drive higher-value exports

Global demand for raw kernel cashew, 2015-2024, ktpa

Global Price, USD/Kg



Key insights

+4.26 USD/kg

Premium for raw kernel sales compared to RCN in 2024, indicating a profitable marketed despite margin's tightening due to raw-material (RCN) cost increase and raw kernel retail price reduction

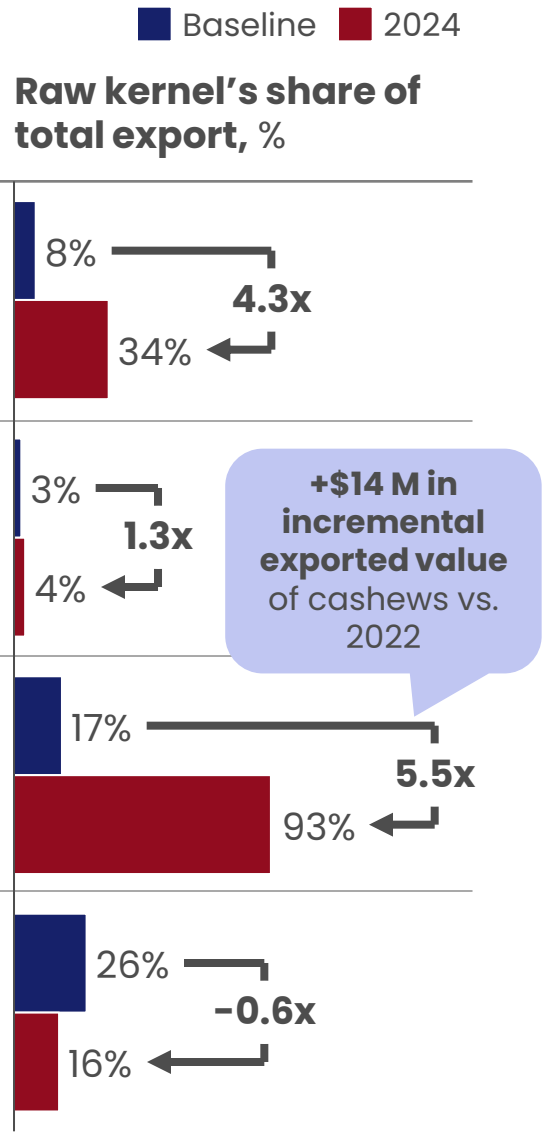
50%

Of global raw kernel traded is destined to 5 countries: USA (23%), Germany (9%), Netherlands (7%), UAE (6%) and China (5%)

Source: TradeMap

Peer countries have unlocked higher-value cashew exports by combining FDI and governmental enablers

Policy implement.	Country	Context and approach
2013	Côte d'Ivoire	World's #1 RCN producer and **processer of 82% of West Africa's raw cashew kernel (shelled) in 2025.** The country leveraged high production levels , government incentives and massive FDI inflows (e.g., Singapore, UK, and India) to **increase domestic processing capacity by 5,5x** (350,000 tons)
2021	Tanzania	**24% of cashew production processed internally by 2025,** following the Cashew Act Amendment which enabled that local processors to buy RCN directly from farmers rather than competing at auction with international traders
2022	Benin	**+50,000 t of raw kernel export in 2025,** becoming the 2nd largest African exporter. The country implemented export controls over RCN aligned with investment-attraction strategies (e.g., industrial zones and tax/duties exemptions) to promote domestic processing
2023	Mozambique	**Approval of new Cashew regulation in 2023,** increasing RCN export surtax to 22% (v. previous 18%) and limiting cashew-products export to domestic processors only; limited implementation and oversight translate into arbitrage opportunity captured by RCN exporters



Source: TradeMap, press research

Salient challenges impacting the cashew value chain (1/2)

NOT EXHAUSTIVE

Barriers to productivity		Relative severity	Details / root causes
Agricultural Input	High-yield seedling availability		• **Limited availability of high-quality seedlings** due to high replanting costs, seedling mortality, poor nursery practices and weak extension support • R&D, production and distribution of high-yield seedling is **mostly done by one private player**
	Access to disease prevention and treatment		• **Limited availability of fungicides and other crop-protection products (e.g., powdery mildew) in rural markets,** with farmers historically relying on subsidised government programs rather than commercial supply; sprayers and protective equipment is also sparsely available • **Presence of tree diseases (e.g., fungal) in the south intensifies yield** reduction and create replanting challenges (e.g., costs, and higher technical requirements for seedlings)
	Farmholder access to credit and funding		• Cashew production is dominated by small farm holders, which are **mostly asset/cash-constrained and have almost no access to formal credit**, which strongly limits their ability to purchase inputs, modernise production and perform tree replanting
Cashew production	Low-yielding tree quality	A	• **Low average yields** (local ~3 kg/tree v. international benchmark of 8-15 kg/tree) as most tree are not of high-yield or quality variety; intensified by **natural productivity decrease as 60–70% of trees are over 25 years old;** • **Slow replanting** limited to high costs, low-technical support, lack of incentives, insufficient seedling availability, and better alternative-crops
	Vulnerability to climate shocks		• Climate shocks (e.g., cyclones, floods, and drought pockets) **disrupt rehabilitation, harvesting and long-term investment incentives;** • **RCN retail is typically compromised as soon as the rainy season starts** due to higher probability of spoilage

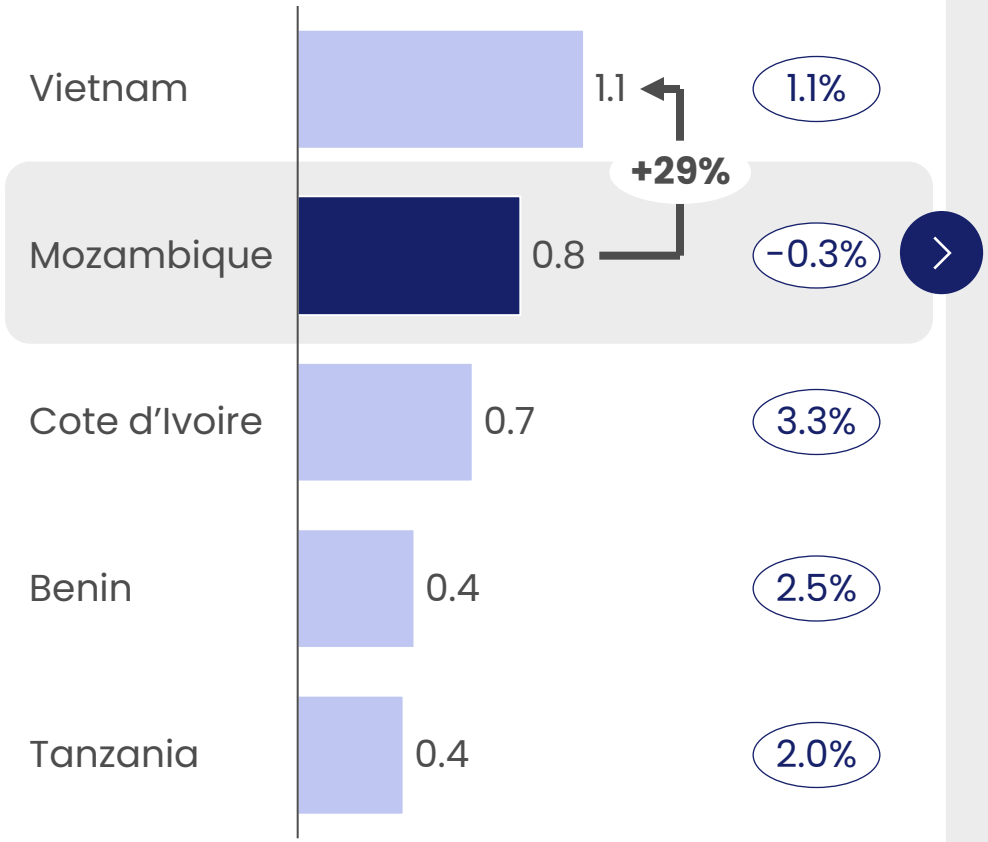
Salient challenges impacting the cashew value chain (2/2)

NOT EXHAUSTIVE

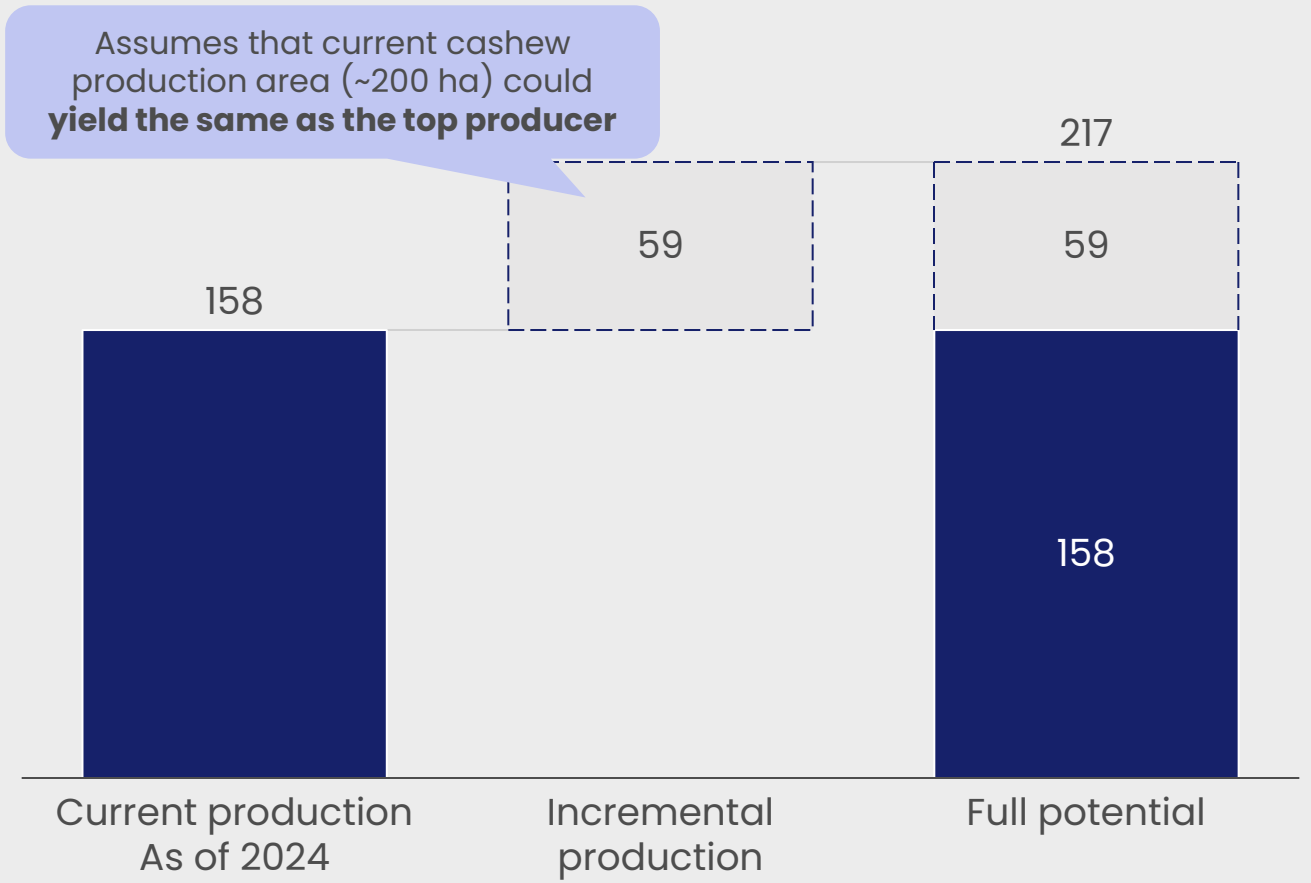
Barriers to productivity		Relative severity	Details / root causes
	Production quality		• **Farmers and aggregators have limited quality incentives,** despite farm-gate price differentiation the high competitiveness for RCN purchase creates a perverse incentive for quality-reducing practices, such as improper drying (e.g., bagged), early harvesting, bad feeder roads, and unfit storage materials/structure
Primary industrial processing	Feedstock availability and quality	B	• **Intense competition from RCN exporters,** who often have higher working capital, easier FX access, and weaker enforcement of the 22% export tax, allows exporters to outbid processors at farmgate, inflating RCN prices, • **Inconsistent RCN quality-level** (e.g., nut size and moisture level), as it reduces whole-kernel yield, and increases breakage and labour
	Manufacturers credit access		• **Increased difficulty to access credit** due to strict bank conditions in recent years (e.g., requirement of proof-of-sell pre-campaign, FX mandatory conversion rate of 50%, and collateral requirements) • **Limited access to FX hard currency** increases pressure on domestic industrials, creating challenges for the acquisition of international machinery and critical inputs due to impossibility of foreign-debt repayment

A. Mozambican production yield is decreasing, a revamp to top producer yield parity could unlock ~30% incremental production

Cashew yield, 2024, t/ha



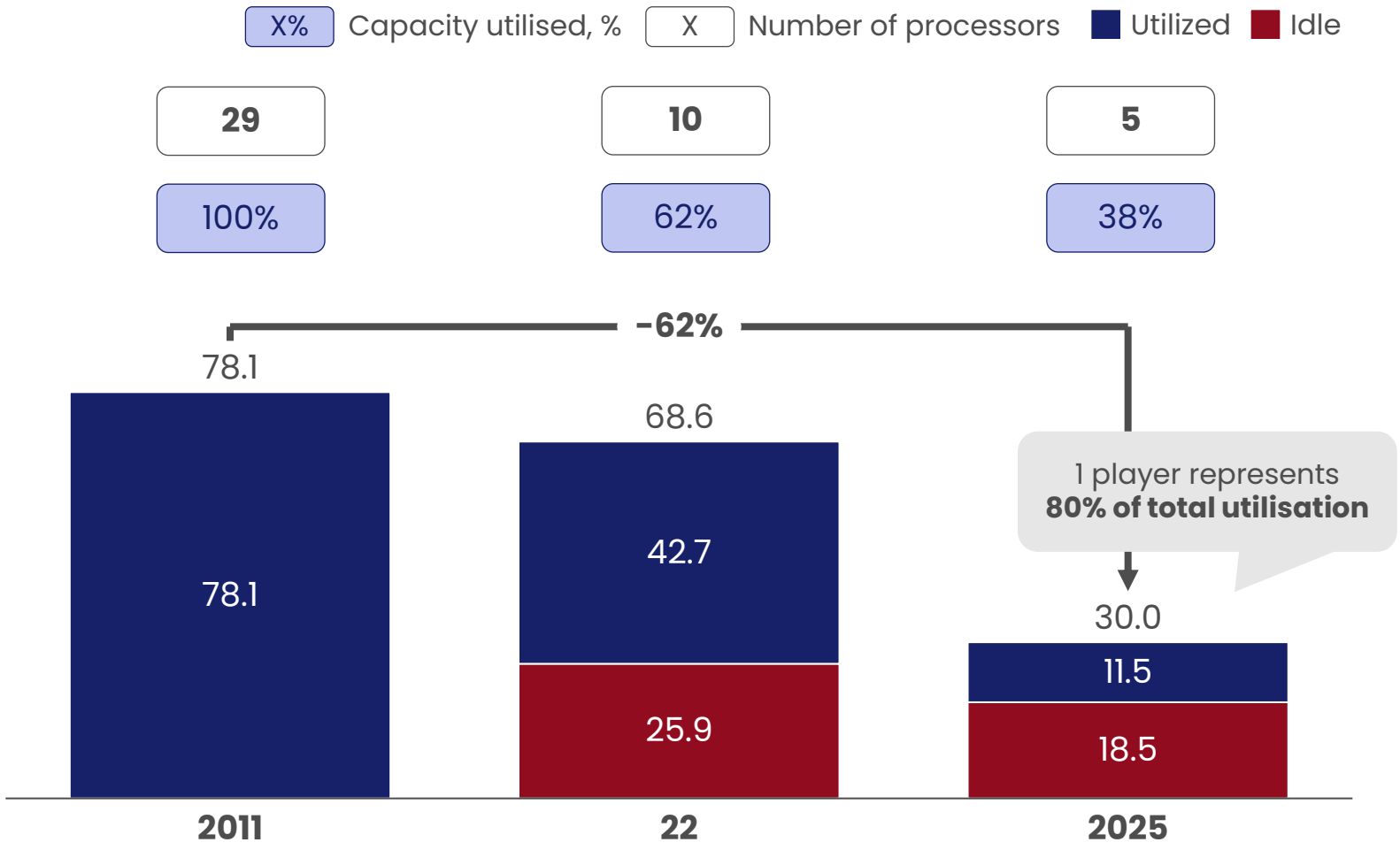
Full potential production by achieving top producer yield parity, ktpa



Source: FAO

B. Cashew processing industry in Mozambique has faced a decline in utilization rate and total installed capacity

Mozambique's cashew primary processing capacity, kT/year



Key insights

- Mozambique's cashew industry has experienced **declining of utilisation rate (38%)**
- **Permanuts represents 80% of total capacity utilised in 2025**, being the only processing company that operates at capacity
- Installed processing capacity has declined by +60% as **24 factories have shut down**

Source: TechnoServe, Expert interviews

B. Mozambique's new Cashew law aims to turn raw nut exports into a lever for industrial growth in Mozambique's cashew belt

Context

Cashew Law (9/2023) creates a new framework for Mozambique's cashew value chain, **shifting incentives from exporting raw cashew nuts to processing them domestically**

2023

May – Parliamentary approval

July - Law in effect: Publication as Law No. 9/2023 in the Official Gazette

2025

March – Law regime consultation

Key changes to drive domestic processing

Increase tax levy[1] **over FOB value of unprocessed exports to 22% on RCN** and 15% on cashew with peel – mandated that 20% of tax revenues is earmarked to support industry development

Priority access to RCN for domestic industry, with non-industrial players having raw exports limited until domestic processing demand is met

Duty-free import of machinery, packaging and critical inputs for primary processing aiming to improve returns for industrials investing in the country

Broader investment benefits for cashew industrials (IRPC, VAT, customs incentives) under the national investment code and industrial parks/SEZ regimes

Key insights

- The new Cashew Law **addresses main road blockers** for domestic industrial development
- However, **reinforcement of the law still need to be implemented** to guarantee full-impact capture, as it has enabled **creative arbitrary plays from commodity exporters** to reap the benefits in detriment of industrial development

1. Processed cashew products (e.g., raw kernel or further processed) are exempt from additional export tax

Source: Boletim da República, IAM, Expert interviews

There is an opportunity to potentialize primarily processed cashew export to unlock high-value exports

Direct participation | Indirect participation | Prioritised play

Investment opportunity		Cashew production	Aggregation and drying	Primary processing	Secondary processing	Attractiveness level
Raw Kernels	1 Primary processing		✓	✓		Potential to **increase domestic value capture to 20-30%** by **scaling primary processing**, and riding growing **global demand** (~6% p.a.); leveraging the country's strong competitiveness and sizeable domestic production (~158 ktpa)
Raw Kernels	2 Aggregation and processing	✓	✓	✓		Integrating aggregators **increases coordination and operating complexity** due to producers' regional dispersion and fragmentation; while delivering **limited incremental value capture** due to thin aggregator margins
Roasted Kernels	3 Secondary processing		✓	✓	✓	There is **no compelling addressable market** for domestically roasted kernels, driven by **insufficient price competitiveness** in domestic and regional markets; while facing **operational constraints** as long transport distances, shorter shelf-life (~9 months), and stringent food-safety/quality requirements, which raise cost-to-serve and execution risk
Roasted Kernels	4 Aggregation and processing	✓	✓	✓	✓	

Targeted government interventions to unlock domestic cashew processing (1/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale and country examples
Increase cashew productivity 	**Develop public-private seedling development and distribution program**	• **Private seedling R&D and distribution driven** by cashew processors in Mozambique have **experienced increasing success**; with opportunity to be potentialized via government investments/partnerships to scale impact
	Expand public distribution or co-finance of agrochemicals	• **Only 10-20% of cashew trees receive some level of disease** prevention control in Mozambique. **Presence of tree diseases (e.g., fungal) in the south intensifies yield** reduction and reduced nut quality. In line with the national cashew productivity strategy, Tanzania's Cashewnut Board implemented a state program for subsidised procurement and distribution of key chemicals (e.g., powdery mildew and pesticide)
	Smallholder farmer financing program with bonified interest rates	• Cashew production is mostly done by **cash-constrained farmers with low-investment incentives**. Facilitated, long-term financing can increase production advantages and enable yield-increasing investments (e.g., inputs, replanting and climate risk tools)
Trade Policy 	**Enforce feedstock prioritisation for domestic industrials**	• Mozambican **processing plants have unmet demand for RCN feedstock**. Current Cashew Law stablishes that **raw exports can only be done after guaranteeing industrial supply** – similar to Côte d'Ivoire's strategy that limits early-season RCN exports in privilege of domestic processing factories
	Enforce RCN export tax with clear processing incentive	• New Cashew Law establishes that **raw cashew nuts exports are under a tax levy of 15–22%**, which requires enforcement implementation to guarantee capture of the legislation's full benefits

Targeted government interventions to unlock domestic cashew processing (1/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale/examples
	Guarantee incentives for export of domestically processed cashew	• Mozambican law determines that revenue from export taxes should be partially (20%) destined to develop domestic cashew industry, with implementation limited by tax collection. Côte d'Ivoire has **potentialized industry development by creating a subsidy for raw kernel exporters** (400 CFA francs per kg) to increase relative international competitiveness and attractiveness of domestic processing
	Trade Licensing across the cashew value chain	• **Licensing and commodity registration across the domestic value chain enables tracking physical trade flows, enforce quality and pricing regulations** – while decreasing informal exports
Industrial incentives	**Concessional Financing and Credit Facilities**	• Côte d'Ivoire implemented a **credit guarantee fund that enables government-backed loans** cashew industrials at the beginning of each campaign and Burkina Faso deploys **low-interest credit programs** for processing companies

Vision for the cashew sector in Mozambique

For the country

Become the **top 3 exporter of processed cashew kernels in Africa** by shifting value capture from RCN exports to domestic primary processing—creating rural jobs, increasing FX earnings, and raising smallholder incomes through yields increase, stronger quality practices and traceable market access

For the industry

Scale Mozambique's raw cashew kernel exports by ~7.5× (to ~48 ktpa) to become a top-3 African exporter, by expanding primary processing capacity to ~220 ktpa (assuming ~22% conversion yield). This will require ~1.8× growth in national raw cashew nut (RCN) production, with a shift away from RCN exports to **secure reliable, high-quality domestic feedstock for processors**

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

To achieve the National Vision for cashews, individual projects can be implemented in phases, starting with a cashew processing plant

Investment Project

Establish the **biggest cashew processing plant in Mozambique**, with 15,000 t of installed capacity. At scale, this requires **$20–30M in FDI and can deliver $15–20M in annual revenues**

$20–30M

Investment required[1]

$15–20M

Annual revenue

$5M

Incremental FX export-value from raw kernel

~500

Jobs created

<50,000

Smallholder farmers integrated to achieve <90% utilisation

1. Includes CAPEX investment and required working capital for year 1 operations

The opportunity could be further unlocked by implementing 10 initiatives (1/2)

Initiative	Description
1 Establish an **exclusive RCN procurement window** for domestic primary processors	Reserve a 2-month exclusive RCN procurement window (Nov–Dec) for domestic primary processors to secure supply before exports fully open, so industrials can secure sufficient supply
2 Organize **dedicated procurement fairs** to improve access to high-quality RCN	Run dedicated producer–processor procurement fairs in producing regions with standardized quality checks (e.g., moisture, nut count) to improve access to higher-quality RCN
3 Enforce **application of increased tax levy** on non-processed cashew	Establish a monitoring and enforcement mechanism to ensure that the 22% RCN export levy on RCN and 15% on cashew with peel are consistently applied, ensuring RCN price competitiveness for domestic players
4 Appoint a partner financial institution to manage cashew-sector **financing mechanisms**	Appoint a partner financial institution to design, manage, and oversee cashew-sector financing programs and special conditions for cashew primary processors
5 Set up a **cashew industrial loan-guarantee fund** financed by earmarked levy revenues	Guarantee that the 20% of revenue from RCN export tax levy is ring-fenced into a loan-guarantee fund support dedicated to cashew industrial financing
6 Launch dedicated **cashew industrial credit lines** at preferential interest rates	Assess cashew industrial financing requirements to launch a dedicated industrial credit lines at ≤10% interest to improve processors' access to working capital and investment funding, ensuring operating resilience and competitiveness of domestic production
7 Guarantee application of **customs duties and VAT exemption**	Ensure 0% import duties and VAT exemptions are applied to primary processing machinery to reduce required CAPEX invesment

The opportunity could be further unlocked by implementing 10 initiatives (2/2)

Initiative	Description
8 Guarantee application of **reduced corporate tax** for cashew industrials	Ensure application of the 10% corporate tax rate for agricultural business to cashew primary processors (vs 32% standard)
9 Guarantee application of **accelerated depreciation benefit** for cashew industrials	Ensure application of accelerated depreciation (50% of useful life) for cashew primary processing assets to strengthen after-tax returns
10 Grant long-term, investment-linked **land-use rights** in the relevant SEZ	Grant ~25-year investment-linked land rights to 15,000 m2 in the relevant SEZ to increase investor security for plant development

… where we have identified specific plays across the 5 priority value chains

PRELIMINARY

Greenfield project · Brownfield project · Both project types

Value chain	Play	Rationale	Potential investees	Expected Investment, USD
Edible oils	100k t/y Standalone Crushing facility of soybean	Mozambique has ~900 ktpa refining capacity but <50% utilization, signaling structural overcapacity. Strategy should pivot to crude-oil import substitution via soybean crushing—the only oilseed with relevant domestic demand for oil and oilcake—with a potential ~$580M regional opportunity	meru, Maëva, Bakhresa Group, Olam Agri	15–20M
Cotton	Vertically integrated spinning to garments facility, with ~2kt/year of spinning capacity and 200,000 units	Prioritised as the next step in value addition, building on existing ginning capacity to convert lint into yarn locally and establish the necessary input base for PPE and uniforms manufacturing	jfs	25–30M
Rice	50k t/y E2E rice production, from certified seed production to rice milling	Reliable access to certified seeds and rice paddy feedstock are main bottlenecks for competitive rice production in Mozambique - thus a completely integrated play is the most viable one	ETG, MOZLAND	120–130M
Cashew	15k t/y Cashew raw kernel (shelled) play from aggregation to primary processing	Quality and production loss due to unfit aggregator operation, high export incentives and aggregator make it critical for players to control this step of the value chain; Lack of secondary processing (roasting) and storage infrastructure make it less-viable to produce roasted kernel	Permanuts	20–30M
Tourism	25-bed luxury hotel and 60-bed premium hotel with full-service amenities	Mozambique benefits from distinctive natural and cultural assets, enabling an integrated marine and wilderness proposition—combining a 2,700km Indian Ocean coastline, rich marine biodiversity and island destinations with inland national parks and frontier wilderness experiences	&Beyond, Singita Game Reserves	20-30M

Tourism is a national priority within Mozambique's development agenda, with a focus on sustainable coastal and wildlife eco-tourism…

NON-EXHAUSTIVE

Plano Estratégico para o Desenvolvimento do Turismo em Moçambique (PEDTM) *2016–2025*	**Programa Quinquenal do Governo (PQG)** *2025–2029*	**Estratégia Nacional de Desenvolvimento (ENDE)** *2025–2044*	**Programa Integrado de Investimentos (PII)** *2026–2030*
National tourism strategy setting priority tourism areas, product strategy and implementation roadmap	**5-year government programme defining national policy actions and priorities across sectors, incl. tourism development and diversification**	**20-year national development strategy that identifies priority sectors and lays out long-term structural transformation priorities**	**Five-year national investment programme of Mozambique's long-term development strategy (ENDE 2025–2044)**
Focus on destination-led tourism development, conservation, and high-value nature experiences	*Focus on promoting eco-tourism, gastronomy, and coastal/marine tourism*	*Focus on developing sustainable tourism destinations anchored in conservation/natural heritage*	*Focus on catalytic destination investments backed by enabling infrastructure and PPPs*
Example priorities Prioritize flagship coastal and biodiversity destination areas Improve access and enabling infrastructure (transport links, utilities) in priority destinations, anchored in spatial planning/land-use frameworks	**Example priorities** Improve tourism planning tools and performance monitoring to guide investment and destination development Upgrade service quality and enable local entrepreneurship across tourism value chains	**Example priorities** Identified priority areas: Quirimbas, Niassa, Gorongosa, Vilankulo/Bazaruto, and Maputo/Ponta do Ouro Preserve and valorize natural & cultural heritage Mobilize public–private partnerships and enabling infrastructure/connectivity to unlock private investment and jobs	**Example priorities** Development of Special Economic Touristic Zone of Crusse Jamali Development of Inhambane as an integrated tourism area Mobilise private investment via PPP's

… translating on recent double-down on Tourism with Vilankulos taking center stage

Pioneer organization of first international tourism fair in the country

… Moçambique pode tornar-se o epicentro do turismo costeiro e marítimo sustentável da África Austral…

Onório Boane, *Vice-Presidente da CTA*

Significant momentum registered during Mozambique Tourism Summit 2025

Metric	Value
Google searches volume increase, %	**+57%** *post-Summit surge*[1]
FDI committed post-summit, USD	**252 M** *signed during the event*
ITOs[2] selling Vilankulos as a destination, #	**317**
Tripadvisor reviews, #	**7,219**

1. In January 2026, Vilankulos related searches achieved an all-time high
2. International Tour Operator

Fast facts on Mozambique's tourism sector

Non-exhaustive

1.9%

Estimated **direct GDP contribution** of the sector[1] in 2023 (MZN 30 Bn)

18%

FX contribution in 2024 making it **2nd largest services contributor**

4.7%

Total contribution to **employment** in 2023

~1.2 M

Total **inbound visitors** to Mozambique in 2023

66%

Inbound visitors cite **holiday as primary reason** for traveling to Mozambique in 2023

29.7%

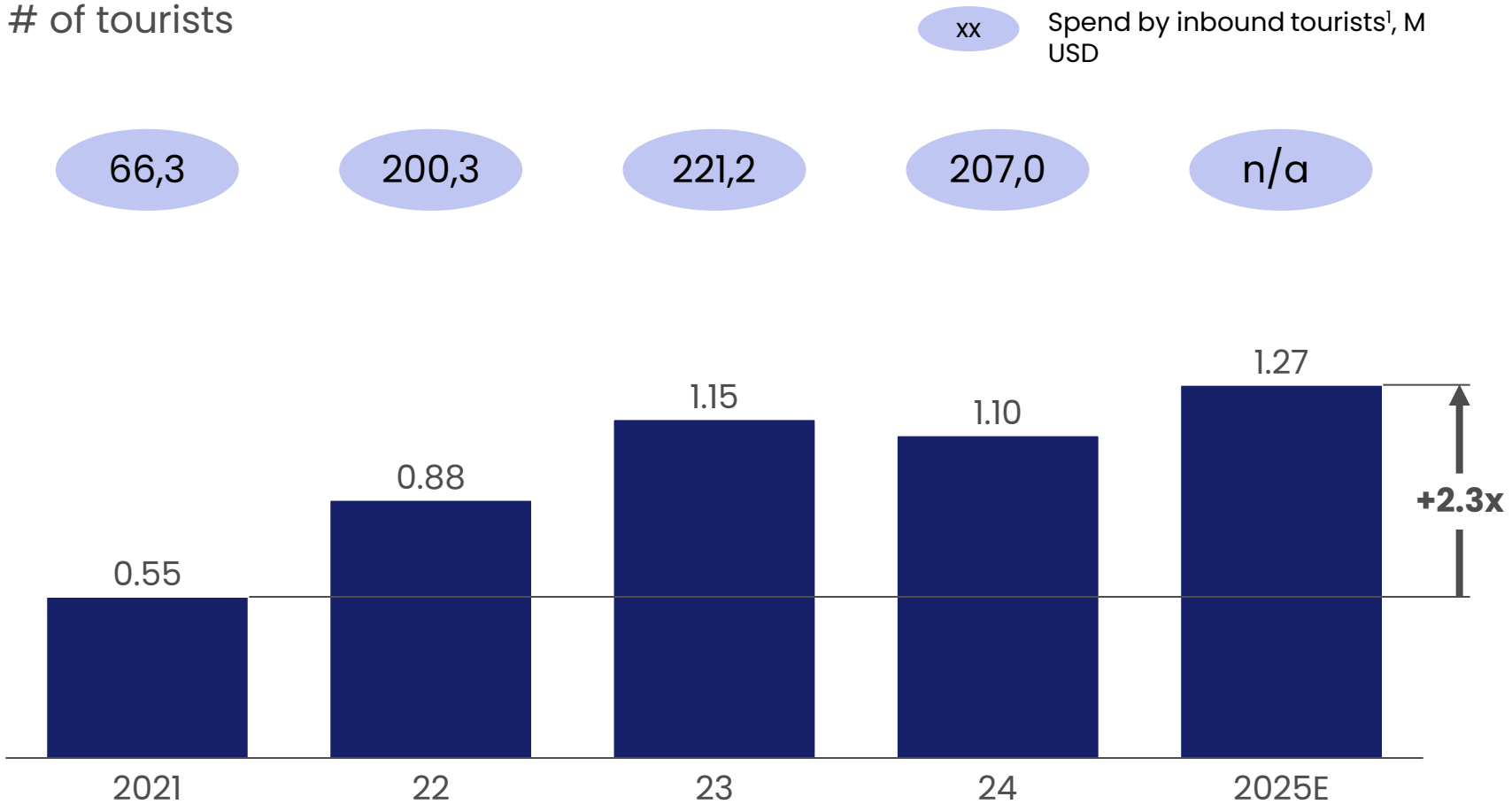
Share of **international visitor spending contribution** to the industry in 2023

1. Consider economic activity generated by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services), and other industries directly supported by tourists (e.g., restaurants and leisure)

Source: Travel & Tourism Economic Impact 2024: Mozambique; Estatística do Turismo, 2023

Inbound tourists has grown by 2.3x since 2021, with spend also increasing by +140 Mn USD

Evolution of inbound tourists, 2021-25



1. Represents International tourism receipts as recorded in GoM Balance of Payments

Source: World Tourism Organization (UNWTO), Press search, INE 2023 and 2024 Tourism Reports

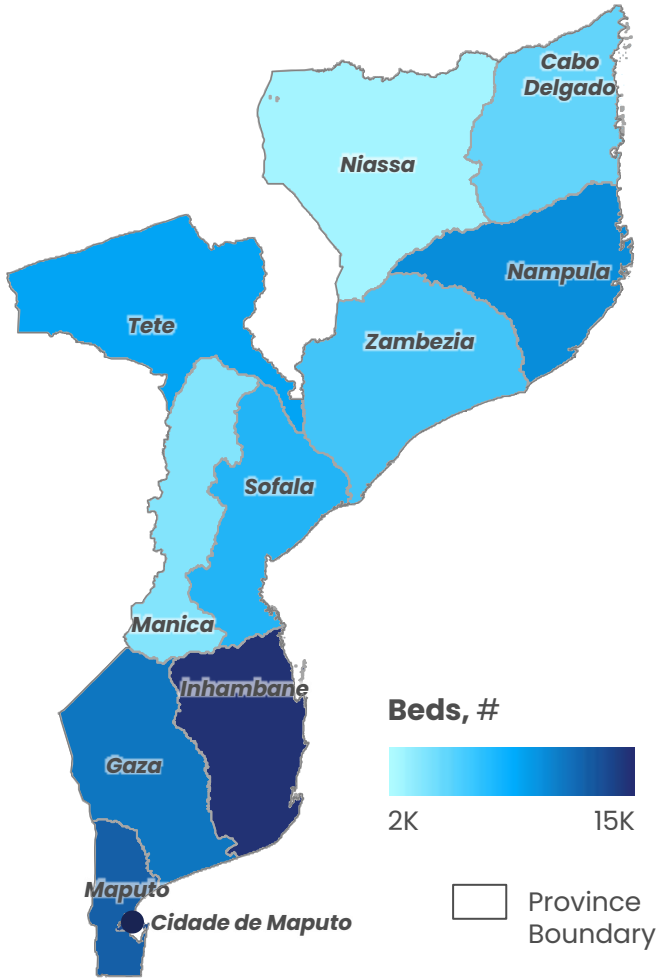
Key Insights

Inbound arrivals grew 2.3x since 2021, rising from 0.55M to 1.27M in 2025E and exceeding the 2024 level

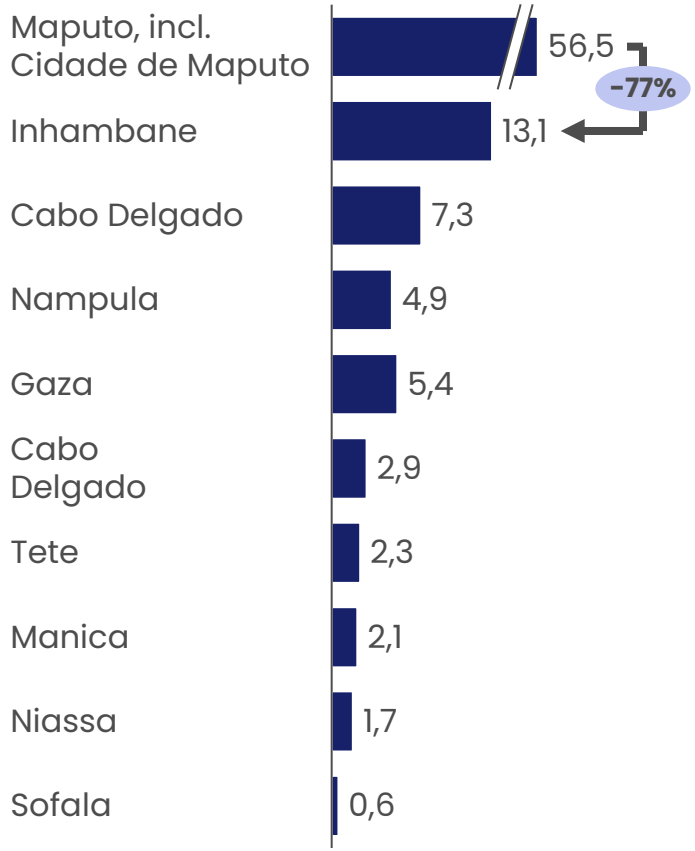
Inbound spend increased by ~USD 140M since 2021, rising from ~USD 66M to ~USD 207M in 2024 and remaining above USD 200M despite the dip versus 2023.

Despite having the highest bed inventory, Inhambane brings less 77% spend than Maputo

Beds distribution per province



Total spend per province, M USD



Spend per tourist, USD

Key metrics

~350

# of accommodations on online booking platforms in Mozambique

26

# of hotels with 4 stars and above (out of 73 hotels)

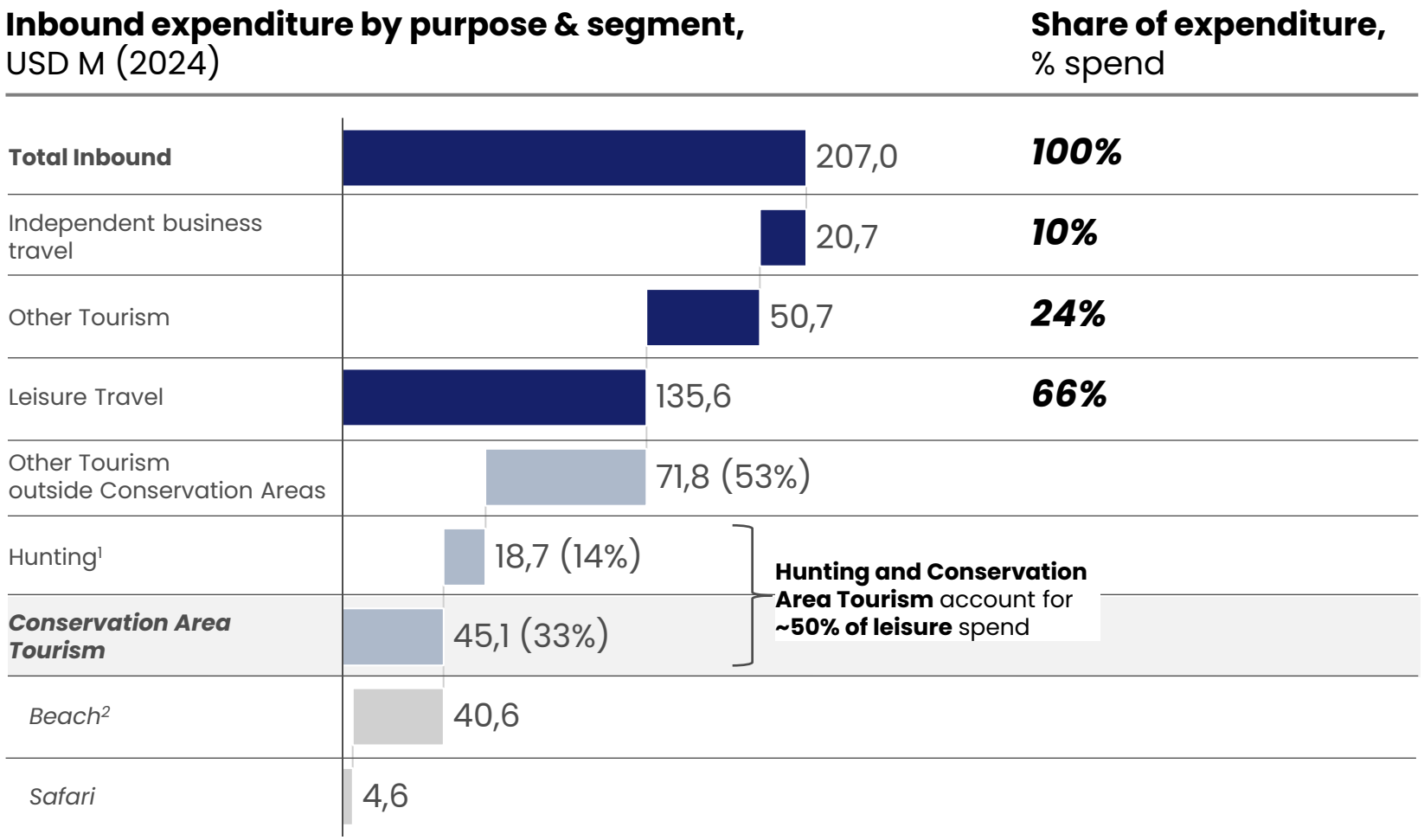
Market skews upscale, with >30% of hotel capacity positioned in the high-end segment

Manufacturing Africa

Source: INE – Estatísticas do Turismo 2024

Leisure dominates inbound spend (66%), with >50% of spend outside Conservation Areas generating ~72M USD

Deep-dive follows



1. Assumes that the average ticket size per hunting tourist is ~25k USD
2. Considers Bazaruto National Park and Maputo National Park as Conservation Areas with a portion of revenue from Beach tourism

Key Insights

Leisure accounts for ~2/3 of inbound spend (~136M USD), making it the primary driver of the tourism market

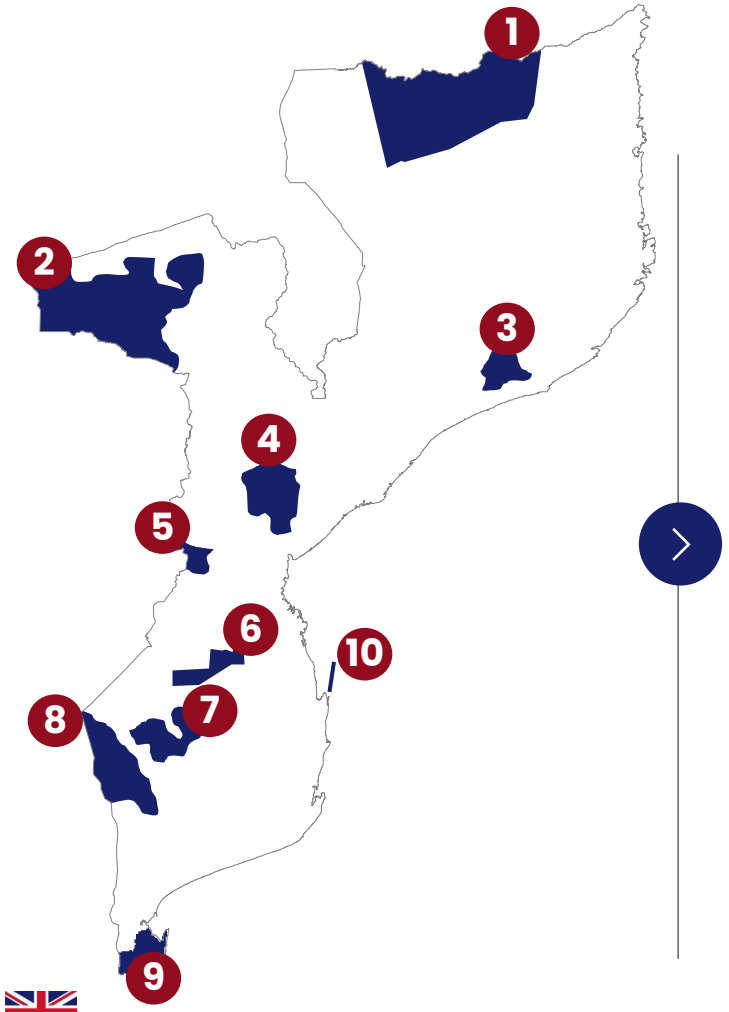
~50% of leisure spend occurs outside Conservation Areas, indicating tourism is largely concentrated in mainstream (non-nature) offerings

Beach tourism dominates overall and within Conservation Areas, while safari tourism remains a small share (i.e., ~4% of overall leisure spend)

Source: INE – Relatório de Turismo Nacional 2023/2024 ; Team analysis

Current keystone conservation areas contributed with ~44M USD in 2024, with Bazaruto contributing with 85% of total revenue

PRELIMINARY



	Conservation Area	2024 Revenue, M USD	Share total, %
1	Bazaruto	38	85%
2	Parque Nacional de Maputo	4	9%
3	Niassa	2	3%
4	Gorongosa	2	2%
5	Zinave	0	0%
6	Limpopo	0	0%
7	Tchuma Tchato	0	0%
8	Banhine	0	0%
9	Gilé	0	0%
10	Chimanimani	0	0%

~44M

USD in 2024 as tourism revenue from Keystone Conservation Areas in Mozambique

UKaid from the British people

Manufacturing Africa

Leading operators systematically anchor investments adjacent to Protected Areas, having already invested +1 Bn USD

Operational · Under development · To start

Operator		Project(s)	Disclosed Investment, USD	PA proximity	Beach proximity	Status
FARUHAR Mozambique		FARUHAR integrated tourism & real-estate project	~500 M	✓	✓	🔴
MINOR INTERNATIONAL	Minor / Rani	Anantara Bazaruto Island Resort; Anantara Medjumbe Island and Matemo Islands	~200 M	✓	✓	🟢
	The Firm of Strategic investments	Pérola de Moçambique resort & marina in Vilanculos	150 M	✗	✓	🔴
AMANI	Aman	Aman Karingani safari resort & branded residences	140 M	✓	✗	🟡
Singita	Singita	Singita Santa Carolina Island lodge	102 M	✓	✓	🟡
	AKFED	Kisawa Sanctuary & Bazaruto Center for Scientific Studies (BCSS)	34 M	✗	✗	🟢
MONTEBELO	Montebelo Hotels	Montebelo Milibangalala Bay Resort; Montebelo Indy Maputo; Montebelo Girassol; Montebelo Gorongosa Lodge	> 10 M	✓	✓	🟢
&BEYOND	&Beyond	&Beyond Benguerra Island lodge & Oceans Without Borders programme	At least ~6 M disclosed	✓	✓	🟢

~1.1Bn

USD disclosed of investment in Tourism

*Most leading **operators** in Mozambique **invest within or adjacent to Protected Areas**, making an anchor for sustained **investment momentum** in the country*

Source: Press search

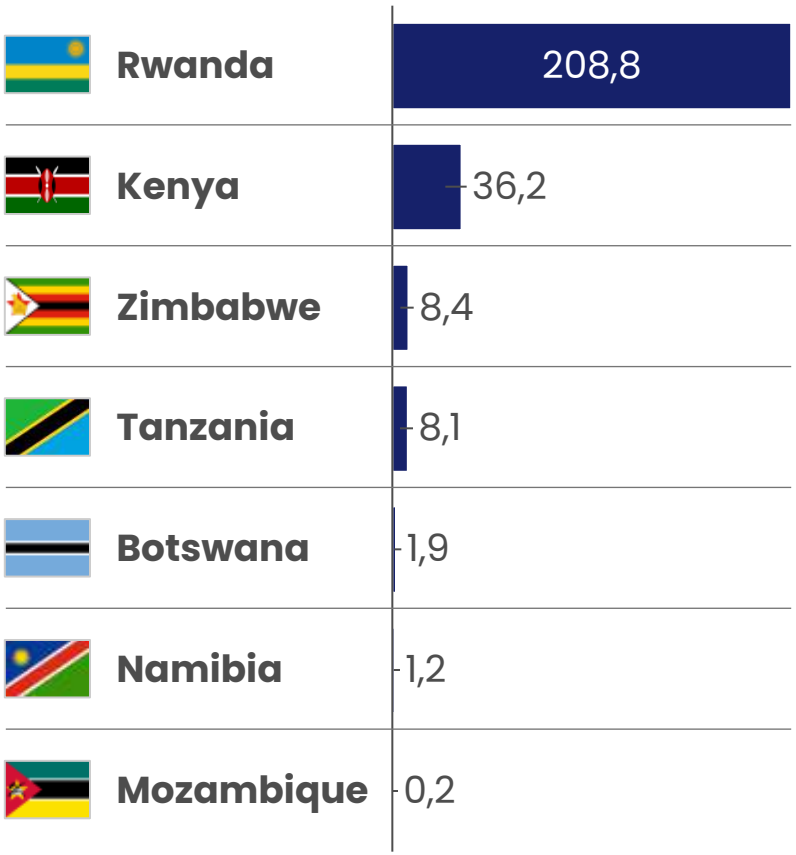
When compared with peers, Mozambique still has room to increase offering and revenue per km

Revenue / Km coastline

M USD per Km

Revenue / Km2 conservation area

M USD per Km2



Key insights

Mozambique still has significant headroom to increase revenue per marine and conservation tourism area to levels comparable with peer destinations

Source: Booking.com; web search; Peace Parks; TFCA Portal; African Parks

Defining the specific opportunities in Tourism for Mozambique require answering 4 strategic questions

D. Specific Opportunities
What specific projects can unlock the opportunities identified?

C. Segments
How do we target the right segments and market effectively our value proposition?

B. Product
How do we ensure value-for-money in our product that is aligned to our brand?

A. Brand
What is our value proposition as a destination?

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Mozambique needs to define its value proposition in line with regional peers...

Country	Slogan	Value Proposition	Core hooks
	**Magical Kenya** *"Life changing Experience"*	Big Five and Great Migration safaris in the Maasai Mara, paired with Swahili Coast beaches and marine-park experiences	• The Migration, a life changing experience • Four coastal zones to attract a diverse beach tourist • Unique experiences within Kenya's non traditional parks and conservancies • Diverse and bespoke niche experiences
	**Tanzania, Unforgettable!** *"Karibu Tanzania — Where Unforgettable Experiences Begin"*	Great Migration and Big Five safaris, plus Kilimanjaro trekking and Zanzibar's beach escapes	• Mount Kilimanjaro, Africa's highest peak • Maasai, Chagga, and Swahili cultural experiences • Award-winning safaris — Serengeti named Africa's Leading National Park for 6 consecutive years • Presidential-led documentaries, i.e., "The Royal Tour" (2022) and "Amazing Tanzania" (2024)
	**Zambia. Let's Explore.**	Victoria Falls and Zambezi river adventure, complemented by walking and canoe safaris in South Luangwa and Lower Zambezi National Parks	• Home of the Victoria Falls • Authentic walking safaris • The wild Zambezi river as hotspot for water activities • 20 National Parks containing the Big 5

… in line with its competitive advantages that positions it with an unique set of characteristics for a Tourism value proposition

PRELIMINARY **TO BE VALIDATED**

Extensive and rich coastline

Longest Indian Ocean coastline in Africa ~2,700 km, with coral reefs, mangroves, seagrass beds and turquoise beaches

Dual Big 5 proposition

Only country in Africa containing Marine Big Five (whale shark, dugong, manta ray, turtle, dolphin) concentrated along key coastal zones while also containing Terrestrial Big Five in-country (Zinave National Park)

Protected Area backbone

36 KBAs[1], split into national parks (~29% of land protected) and marine protected areas (4% of maritime area) enable high-value, low-volume eco-tourism and biodiversity protection

UNESCO cultural heritage

Ilha de Moçambique is classified as an UNESCO World Heritage Site with National Park of Maputo having recently being nominated as a World Heritage site

Proximity to nearby hubs

Proximity to crossborder touristic hotspots (i.e., Kruger), translates into opportunities for tourism circuit offering

Wilderness and frontier state

Largely untapped frontier destination with low visitation and vast wilderness areas, enabling distinctive, authentic experiences and room to scale sustainable

Potential Slogan

Mozambique, Where the Indian Ocean meets the Savannah

Value proposition

Mozambique offers a "two-in-one" experience, with a unique, premium blend of coast and conservation, allowing visitors to combine world-class marine adventures with high-value wildlife experiences in a single trip

1. Key Biodiversity Areas

Mozambique could initiate a step-change in its communication strategy based on peer benchmarks

● Fully implemented ◐ Limited implementation ○ Not in place ✳ Best-in-class

Element	Kenya	Tanzania	Zambia	Mozambique
Clear national tourism slogan & logo in active use	● "Magical Kenya" with refreshed positioning, i.e., "Come Live the Magic" and "Origin of Wonder" narratives ✳	● "Tanzania, Unforgettable!" and "Karibu Tanzania" used in campaigns	● "Zambia. Let's Explore." adopted via national rebrand competition and used as flag tourism brand	◐ No consistently promoted, globally recognizable tourism slogan at par with peers
Traveler-facing national tourism website	● MagicalKenya.com with destination pages, experiences, itineraries and campaign creatives	● Multiple official portals pushing "Royal Tour" content and itineraries	● Zambia Tourism website aligned to "Let's Explore" positioning	◐ VisitMozambique and government portals exist but are investment-heavy
Flagship cinematic documentaries led by the President	◐ No direct presidential film, but high-quality TVCs and short films	● The Royal Tour (2022) and Amazing Tanzania (2024) feature the President personally guiding global audiences ✳	○ No presidential documentary, though Zambia leverages Victoria Falls and wildlife in traditional campaigns	○ No high-production national documentary or series fronted by the President
Integrated hero campaign platform	● "Come Live the Magic" experiential campaign; "Can You Kenya?" co-created with Expedia to drive awareness and social engagement ✳	● Documentaries effectively function as long-form campaign platforms, complemented by "Unforgettable Tanzania" creative	◐ "Let's Explore" functions more as a static brand line;	○ No widely recognized, consistently activated hero campaign name, across channels; done ad-hoc at project/oark level
Strong social & media always-on digital presence under national handle	● Active @MagicalKenya channels with continuous content, UGC, influencer collaborations and hashtag strategy (#MagicalKenya, #ComeLiveTheMagic) ✳	● National and park accounts push documentary clips, behind-the-scenes content and destination storytelling	◐ Active but smaller-scale social presence; relies more on generic destination marketing and partner operators	◐ Mixed presence under various handles (VisitMozambique, MITESS, park accounts); no dominant national social brand with cohesive content calendar
Use of international partnerships & platforms for brand amplification	● Partnerships with Expedia Group, airlines, influencers and global media to drive campaigns like "Can You Kenya?" ✳	● Strong coverage on global news and travel media highlighting the President-led films	◐ Regional trade shows and donor-backed marketing, but fewer visible, high-profile global partnerships focused on storytelling	◐ Strong site-level partnerships but not yet orchestrated into a single national brand platform with co-funded global media buys

Defining the specific opportunities in Tourism for Mozambique require answering 4 strategic questions

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We have used 3 guiding principles to identifiy key touristic areas

A Areas that are aligned with national and sub-national development strategies of GoM

B Tourism clusters that are directly adjacent to, or anchored by, officially recognized MPAs or terrestrial NPs

C Individual tourism areas that are connected through a shared airport area are treated as a single integrated tourism zone

Mozambique could focus on 8 main potential touristic areas considering the 3 guiding principles

PRELIMINARY

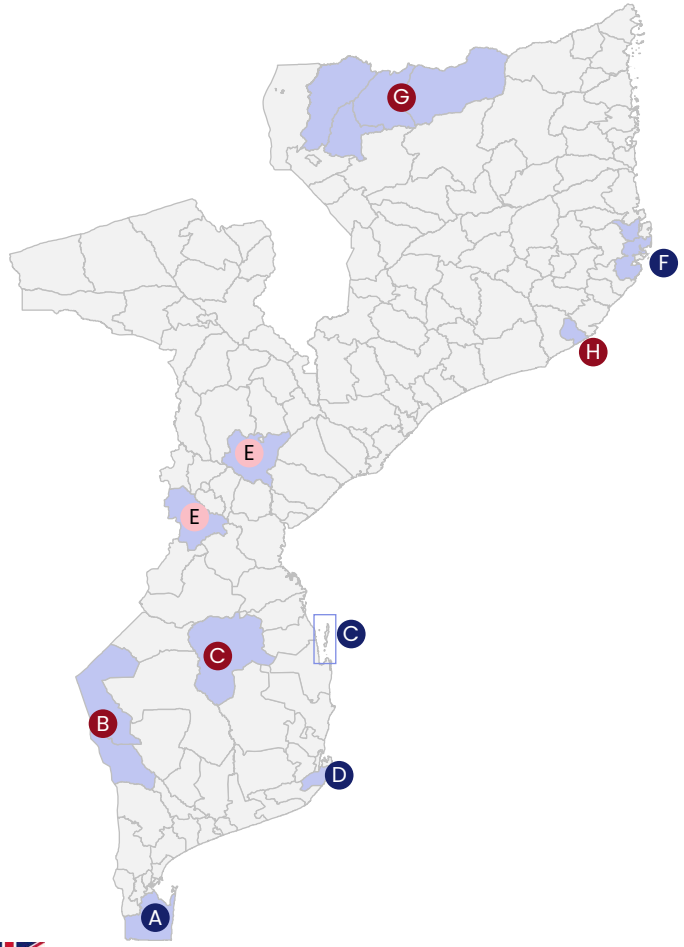
X National priorities for GoM

X Designated Protected Areas

X Integrated tourism areas

Island hopping | Beach | Cultural and Heritage | Diving | Safari | Mountain and adventure

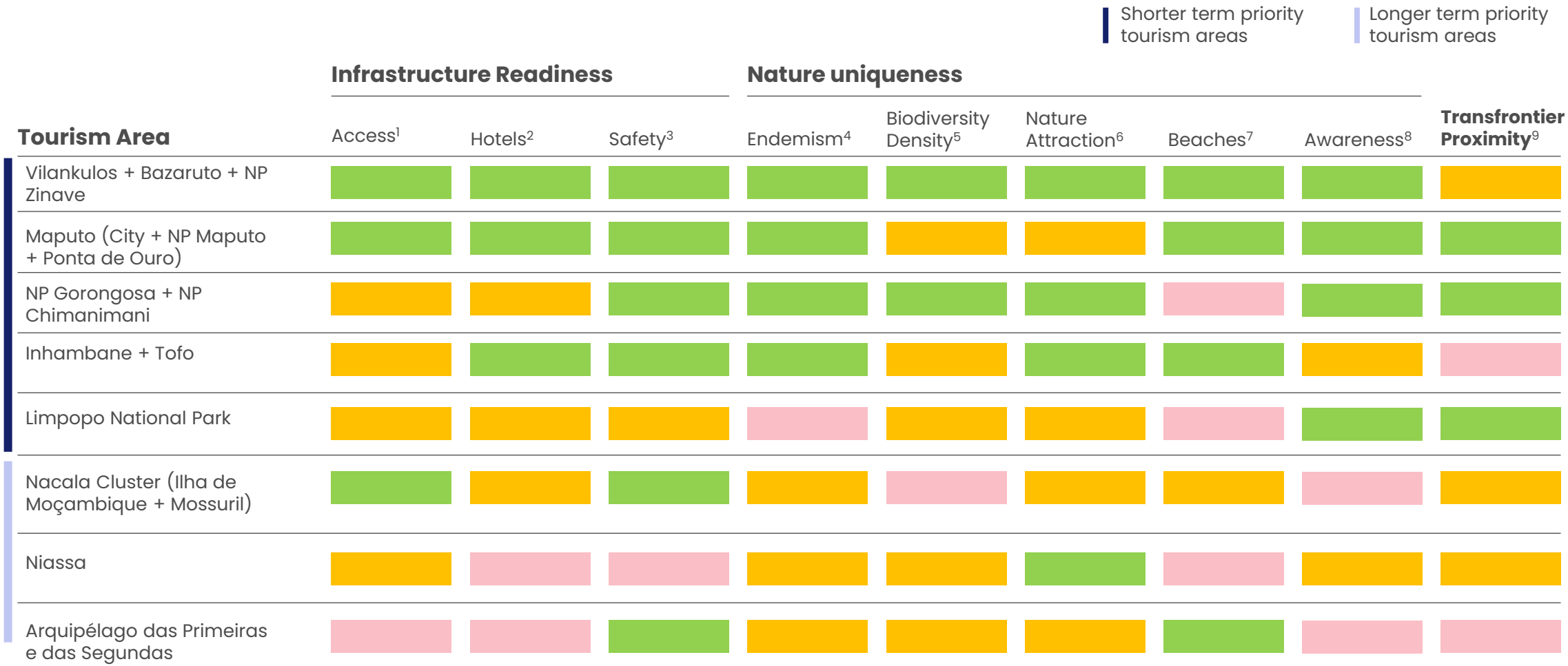
Potential touristic areas



Area	Area Name	Touristic potential
A	Maputo (City + Maputo National Park + Ponta de Ouro)	
B	Limpopo National Park	
C	Vilankulos + Bazaruto + PN Zinave	
D	Inhambane e Tofo	
E	Gorongosa / Chimanimani	
F	Nacala Cluster (Ilha de Moçambique + Mossuril)	
G	Niassa	
H	Arquipélago das Primeiras e Segundas	

Mozambique could focus on 5 main potential touristic areas for the shorter term considering readiness, uniqueness and proximity

PRELIMINARY



1. Assesses if there is an Airport at 1h30 max distance; 2. Number of available beds in the area; 3. Safety warnings issued for the region; 4. Presence of an Endemism Centre; 5. Number of different animal species; 6. Number of unique attractions vs. other locations; 7. Existence and quality of the beaches in the area; 8. International recognition of the zone; 9. TFCA status

Source: TripAdvisor; Airlink; UK FCDO website; Peace Parks; TFCA Portal; African Parks

Targeted interventions across inputs and enablers are required to unlock tourism investment (1/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale
Policy consistency and investment climate	**Secure long-term concession guarantees (≥25 yrs) with clear renewal and asset-reversion terms**	• DUAT land rights are granted for 50 years, renewable, but tourism concessions in protected areas lack clarity on renewal, revenue-sharing, and reversion of assets — discouraging large-scale private investment
	**Reduce bureaucratic barriers and create one-stop-shop for tourism licensing**	• Multiple overlapping licensing regimes (MITUR, Land, Environment, Municipal) create layered uncertainty; a single window for tourism investment approvals would cut licensing time materially
Protected areas functioning as anchors for investment	**Scale delegated co-management PPP models across priority conservation areas**	• Devolved models (Gorongosa, São Sebastião 50-yr deal, Chuilexi) deliver higher management budgets/km² vs. less-devolved areas - execution and disbursement must be accelerated
	**Establish sustainable financing mechanisms**	• Many conservation areas lack operational budgets and tourism infrastructure; cross-subsidy mechanisms are essential
Air connectivity & transport access	**Liberalise domestic airspace and attract independent operators**	• LAM + subsidiary MEX create "dysfunctional competition" — same routes, same times - high fares, low frequency and unreliable service are top barriers cited by GoM
	**Guarantee sufficient scale to justify direct international flights to priority tourism airports**	• Sufficient demand scale requires coordinated marketing + hotel capacity build-out to justify direct services from Europe/Middle East to Vilankulo/Inhambane and other domestic flagship locations

Targeted interventions across inputs and enablers are required to unlock tourism investment (2/2)

NON-EXHAUSTIVE

Dimension	Intervention	Rationale
Affordable and skilled labour 	**Establish hospitality & tourism vocational training centres in priority zones**	• Shortage of skilled personnel is a top sector challenge; operators still depend on imported labour for management and specialised roles (i.e., GMs, dive masters, F&B) - "Skilling the Nation" project targets 7,200 youth in Inhambane via Hotel-Escola model, which could be replicated in Vilankulos and other priority areas
	Streamline work visas for specialist talent to fill short-term gaps	• Agile work permits needed to attract experienced hotel managers, safari guides, and marine tourism specialists while local workforce is upskilled
Swift tourist visa process 	**Fully operationalise eVisa/ETA platform and expand visa-waiver list**	• New eVisa/ETA portal launched Feb 2026 with VFS Global covering 183 countries which requires a communication effort to potential tourists • Visa waivers for 29 countries helped arrivals surge to >870,000 in 2023 — expanding the waiver list to key European and Gulf source markets is a proven demand lever
Tourism brand creation 	**Create unified Mozambique tourism brand** (i.e., slogan, visual identity, digital campaigns)	• Although HKLM Branding presented a 4-phase brand-building process at Global Tourism Summit 2025, the GoM needs to prioritize this initiative ahead of additional communication interventions

The opportunity could be further unlocked by implementing 6 key initiatives

Intervention	Description
1 Create a unified digital tourism platform to streamline tourism investment approvals	Consolidate licensing processes across MITUR, Land, Environment, and other authorities into a unified approval platform with defined timelines. Digitise application workflows and assign dedicated case managers to reduce complexity
2 Establish hospitality and tourism vocational training centres in priority regions	Partner with international hotel operators and donors to design curricula and deploy experienced trainers in key tourism hubs (e.g., Inhambane, Vilankulos). Launch apprenticeship and certification programmes aligned with industry needs to build a skilled local workforce
3 Create sustainable financing mechanisms for protected areas	Establish conservation trust funds supported by tourism levies and donor contributions to ensure stable funding for operations and infrastructure. Implement cross-subsidy models between high- and low-performing parks and structure blended finance vehicles to crowd in private investment
4 Expand visa waiver eligibility and launch awareness campaigns to secure tourist demand	Launch targeted awareness and marketing campaigns by creating a unified tourism brand for Mozambique in key European and Gulf markets and expand visa-waiver agreements to priority source countries to increase accessibility and drive arrivals
5 Scale delegated co-management PPP models across priority conservation areas	Identify priority conservation areas and implement a standardised PPP concession framework to enable transparent and efficient investor access. Publicly disclose all concession-ready sites and allocate them through competitive tender processes
6 Establish long-term concession frameworks for tourism assets	Develop and implement standardised concession agreements with a minimum tenure of 25 years, including clearly defined renewal terms, revenue-sharing arrangements, and asset handover conditions at the end of the concession

Content

Adopting a deals-led approach could entail focusing on unlocking two distinct types of FDI opportunities

xx Detailed next

Short to medium term priority value chains

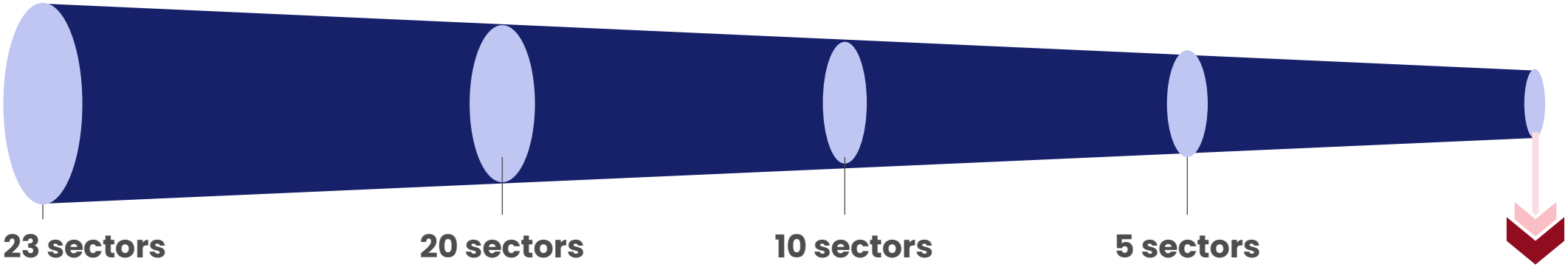
Targeted, executable plays within priority value chains that leverage Mozambique's competitive advantages, focusing on commercially viable opportunities

Medium to long term transformative projects

Bold, flagship initiatives with game-changing impact and scale. Opportunities where political alignment and enablement are the critical unlocks

We implemented a 4-step approach to identify 5 sectors that could attract flagship investment opportunities for Mozambique

XX Detailed next



1 Priority sectors for Mozambique

23 sectors identified via literature review of **national strategic documents**

2 Productive sectors

Excluded sectors from enabling ecosystem[1], to guarantee focus on productive sectors

3 Opportunity relevance

Considered **typical FDI investment size** for each sector in Africa to **identify sizeable opportunities,** also considering regional and global import value

4 Competitive advantages

Evaluated **synergy:**

- Natural endowments
- Input ecosystem
- Logistic positioning
- Production factors

Flagship opportunities

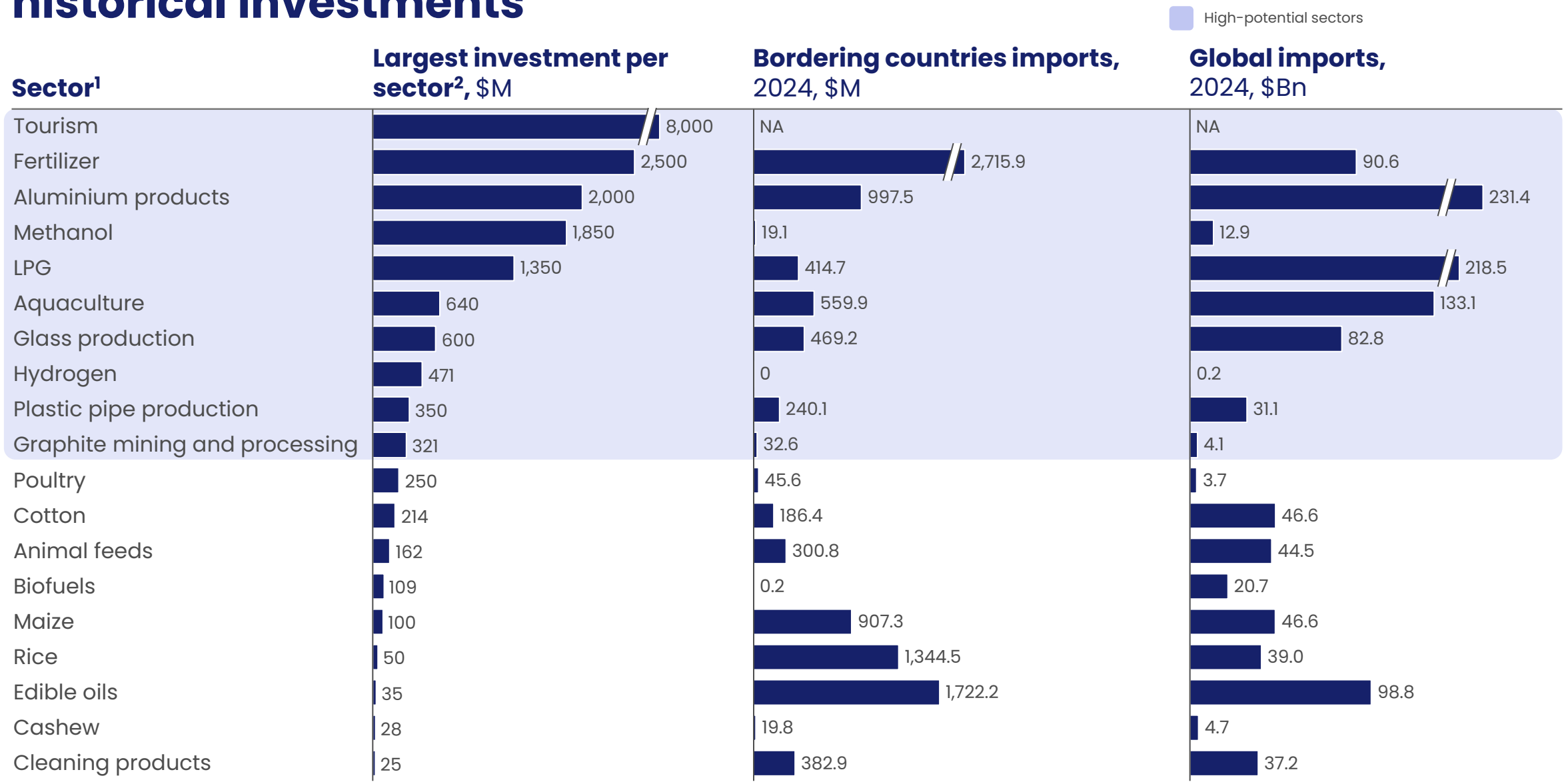
- Urea Fertiliser Hub
- Methanol Hub
- Graphite Processing
- Aluminium Products[3]

+ Glass production, to support and enable domestic and regional industrialization[2]

1. Excluded Logistics, Energy Transmission and Renewable Energy
2. Glass is a key product for production of more complex and value aggregated products (e.g., solar power, pharmaceuticals), typically a supportive for industrialization and have been seen in other African Countries
3. Semi-finished aluminium products

Source: IDRC – Development Policy Research Unit; UNCTAD; IFC

3. There are 10 high-potential sectors that stand out due to large historical investments



1. Excluded Logistics, Energy Transmission, Renewable Energy, and Oil and gas services
2. Considers the largest, operational investment project per sector

4. There are four main competitive advantages that support attraction of flagship investments in Mozambique

Dimensions of competitive advantages

(X) Detailed next

Natural endowments (A)

Abundant natural resources, for example:

- Africa's top 3 **natural gas reserve**
- Global top 3 **graphite reserve**
- Large **mineral reserves** (e.g., iron ore, bauxite)
- **Extensive agricultural land** (~50 M ha in total)

Input ecosystem (B)

Existing business and infrastructure that can unlock downstream sectors:

- **Mozal aluminium smelter** (non-utilized)
- **Graphite mines** (<50% utilisation)
- **Gas pipelines**

Logistic positioning (C)

Strategic position for **regional and global exports:**

- **11 ports**
- **3 logistical corridors** connecting to 5 countries
- Direct border to **6 markets** with a combined GDP of ~$600 Bn

Production factors (D)

Competitive labour cost[1], considered globally low (~$80-240), with expected workforce increase

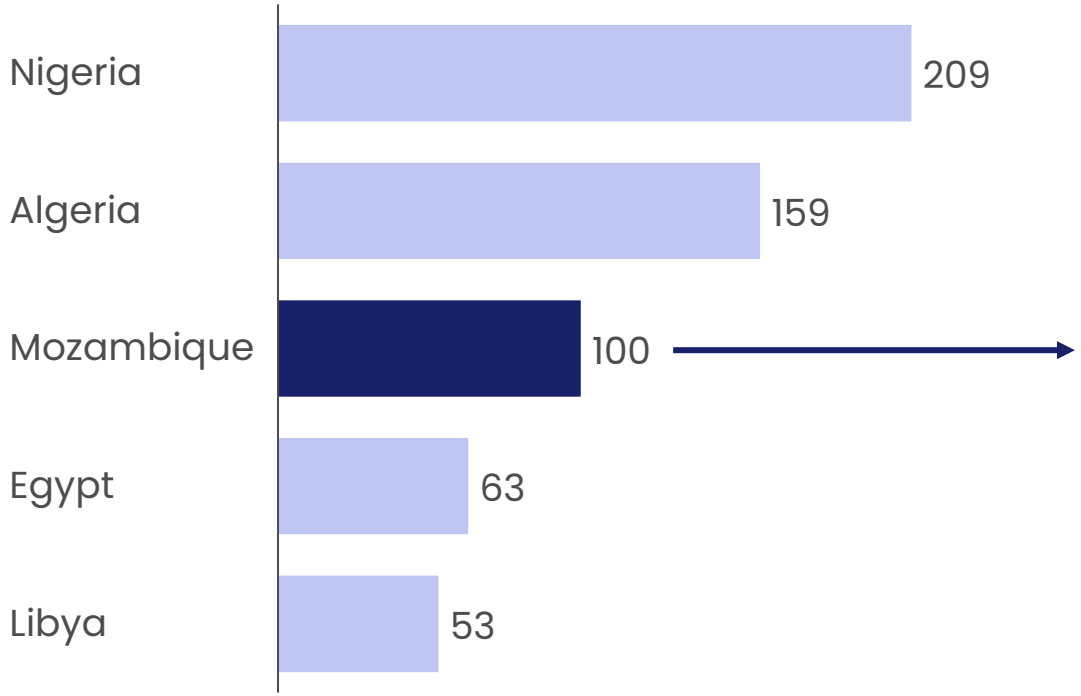
Key industrial inputs (e.g., energy and water) have **competitive costs compared to other SADC countries**

1. Considering learning-adjusted years of schooling

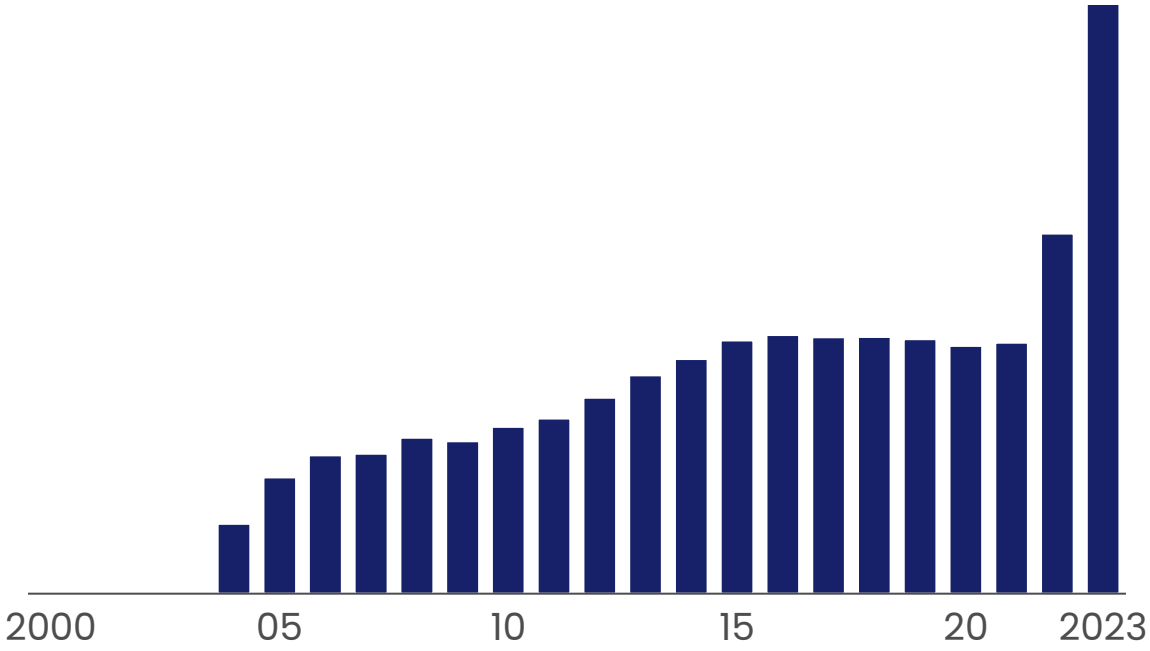
Source: World Population Review, FAO,

4A. Mozambique has the 3rd largest natural gas reserve in Africa, with increasing production and domestic priority consumption

Largest proved reserve holders of natural gas in Africa,
2024, *T SCF*



Mozambique domestic gas production,
2000-23, *T SCF*

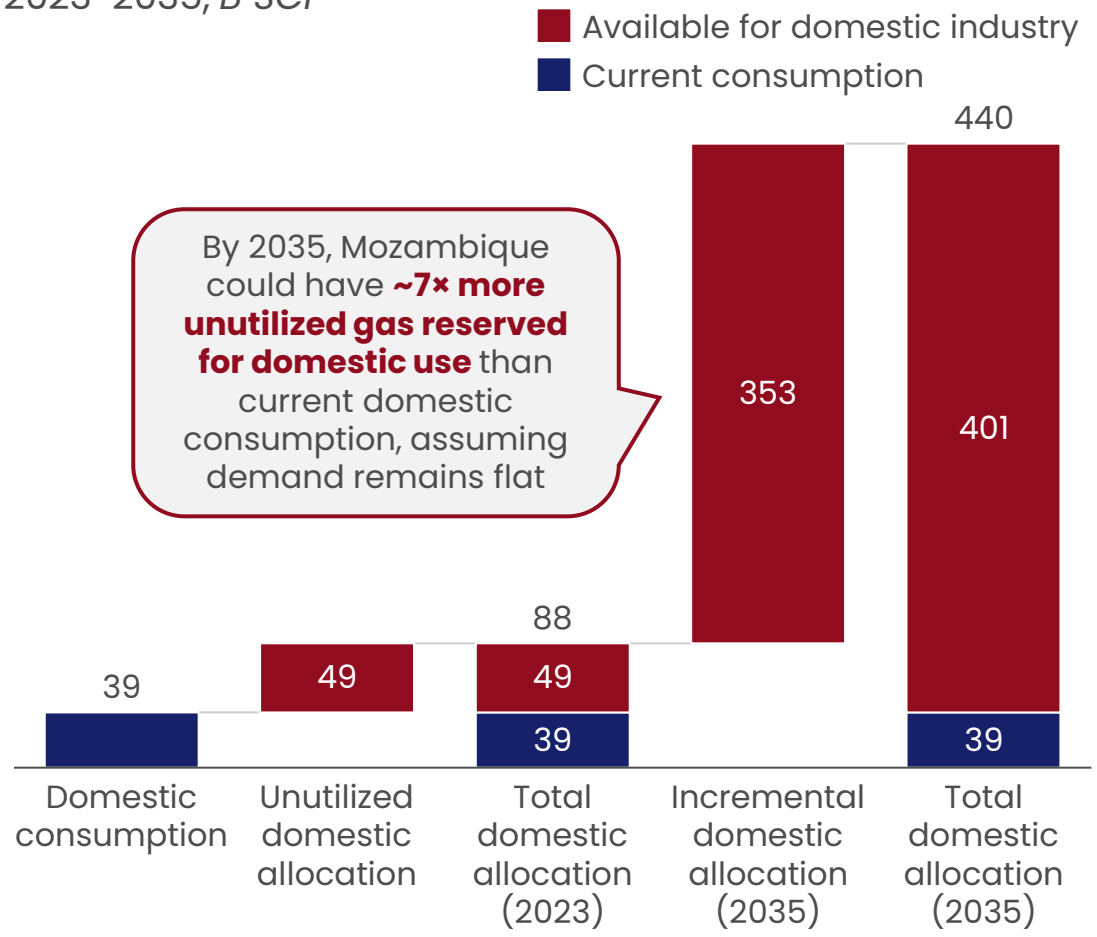


Mozambique has a gas requirement policy in place, guaranteeing that **25% of total gas produced must be reserved for domestic consumption**, creating an opportunity for gas-related industries

Source: US Energy Information Administration (EIA), International Energy Agency (IEA)

4A. Current underutilized volume of gas reserved for domestic usage creates tailwind opportunity for gas-enabled value-chains

Mozambique natural gas availability for domestic use[1], 2023-2035, *B SCF*



Potential gas-enabled value chains

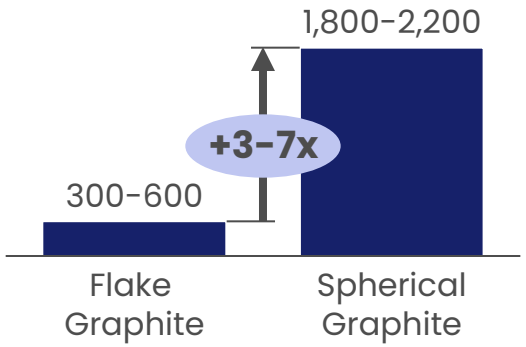
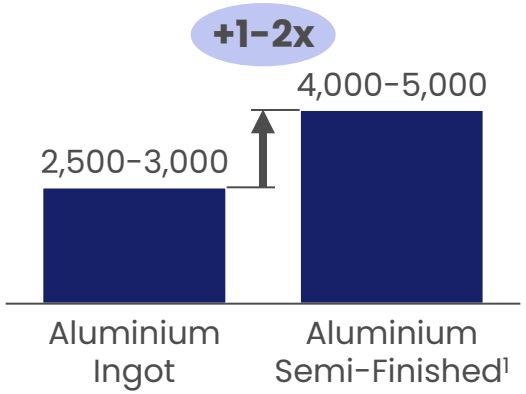
Considerations

LNG	**LNG distribution and gas pipeline**	Largest liquefaction project under construction in Africa (12.9 Mtpa), **with potential to become a top 3 African gas exporter**
Gas-to-Power	**Gas-to-liquids (e.g., diesel)**	Alternative for imported petroleum products, but is **very capital-intensive, technology complex and sensitive to gas and oil prices**
	Gas-fired power plants	Secondary electricity source in Mozambique (~15% of total), but face **cost and sustainability competition from renewable sources**
	Industrial fuel (e.g., glass and ceramics)	Reliable, low-cost natural gas can make Mozambique an **attractive destination for energy and heat-heavy industries**
Gas-as-Feedstock	**Ammonia and Urea fertiliser**	**SADC's nitrogen fertiliser demand is heavily import dependent** (~$800M imports in 2024)
	Petrochemical products (e.g., Methanol)	**Global demand for methanol** ($13Bn in 2024), with rapid Southeast Africa demand growth (50% 2020-24)

1. Analysis uses (i) current domestic gas consumption from the IEA, (ii) the 25% domestic allocation applied to current gas production to estimate today's reserved volume and the unutilized portion after subtracting current consumption, and (iii) 2035 production projections for all operating projects, applying the same 25% allocation and subtracting today's reserved volume to estimate additional unutilized domestic gas available by 2035

Source: International Energy Agency, International Journal of Greenhouse Gas Control

4B. There are 2 strategic industries in Mozambique that create an input ecosystem that can unlock downstream operations

Value chain	Existing input platform	Value at stake, USD/MT	Anchor player
Graphite	Mozambique is the **3rd-largest global graphite producer (72 KT)** with proximity to regional mining hubs (Tanzania 8 KT; Madagascar 70 KT) with **no presence of a regional processor player**; therefore, exports remain in Flake Graphite format (unprocessed)		Balama mine is one of the largest high-grade graphite deposits in Africa, **with ~350 ktpa production capacity and 50+ years of mine life** 
Aluminium	Current presence of **Africa's 2nd-largest aluminium smelter**, with existing high production capacity of aluminium ingots (~580 ktpa), but focus remains mostly focused on **primarily processed exports**		Mozal is the 2nd largest **smelter plant in Africa with ~580 ktpa total capacity,** mostly focused on ingots production for export 

1. Aluminium casting, rolling and extruding products

Source: International Energy Agency, BM, African Minerals Development Centre, Press search

4. Mozambique can prioritize five flagship investments anchored on its main competitive advantages

Flagship opportunities **Synergy with competitive advantages:** Low or none Medium High

High-potential sectors	Natural endow.	Existing infra.	Geographic location	Production factors	Selection rationale
Tourism	High	Medium	Medium	High	Despite exceptional natural endowments for tourism, **infrastructure remains limited** with lesser access options from international markets
Fertiliser	High	Medium	High	High	**Gas feedstock advantage and strategic corridors position** Mozambique to supply SADC fertiliser demand
Aluminium processing	Medium	High	High	High	**Largest aluminium smelter in sub-Saharan Africa is underutilized**, with access to renewable and cost-competitive electric energy
Methanol	High	Medium	High	High	**Gas feedstock advantage and corridor connectivity** support a competitive export-oriented platform into the region
LPG	High	Low or none	Medium	Medium	Despite strong supply base, **domestic usage requires subsidies to continue cost-competitive** versus other energy sources
Aquaculture	High	Low or none	Medium	Medium	Large potential, but the se**ctor remains largely artisanal with limited enabling infrastructure** (e.g., cold chain)
Glass production	High	Medium	High	High	**Competitive gas-based energy and strategic location** for exports to import-dependent bordering countries
Hydrogen	High	Medium	Low or none	Low or none	**Hydrogen price volality and higher distance to export markets** (compared to peers) make a less economically viable sector
Plastic pipe production	Medium	Medium	High	Medium	Despite privileged location to SADC exports, **there is no reserves for raw materials and skilled, cost-effective labour**
Graphite mining and processing	High	High	High	High	**World's 3rd-largest graphite reserves** and established mining infrastructure operating under-capacity

Mozambique's flagship opportunities are gas derivatives and value-added processing of aluminium and graphite

NON-EXHAUSTIVE

Competitive anchor	Flagship opportunity	Why Mozambique	Confirmed growth momentum
Gas-as-Feedstock	Urea fertiliser production	Relevant gas base (**~370 Bn SCF**) with **25% reserved for domestic use** provides secure feedstock, while Maputo, Beira and Nacala corridors could enable competitive urea fertilizer supply into import-dependent bordering[2] markets (**~$690M imports in 2024**)	Increasing **investment pipeline on urea fertilizer across Sub-Saharan Africa**, such as Nigeria (~$3 Bn in multiple projects) and Angola (~$2 Bn)
	Methanol production	**Cost-advantaged gas** (~$2-4 per MMBtu versus ~$5-5.5 per MMBtu in South Africa and ~$4 per MMBtu in Nigeria, the main Sub-Saharan producers) and strategic position of Nacala port for exports to South and Southeast Asia (**~$900M imports in 2024**)	Large **gas-to-methanol investment projects are reaching origination** across African countries, such as Nigeria (~$1-2 Bn)
Gas-to-Power	Glass production	**Cost-advantaged gas** (~$2-4 per MMBtu versus ~$5-5.5 per MMBtu in South Africa, the main supplier for Mozambique and bordering countries) and regional access to critical raw materials reserves, while Maputo, Beira and Nacala corridors could enable competitive exports[1] into bordering[2] markets **(~$360 M imports in 2024)**	Glass represents an **increasing demand in bordering markets[2]** (10% import CAGR 20-24) driven by **packaging demand;** additional opportunity as the main player may experience challenges with gas and electricity prices increase
Input ecosystem	Graphite processing	World's 3rd largest graphite producer (72 KT) and proximity to regional mines (Tanzania 8 KT; Madagascar 70 KT) provide an **input platform to move into higher-value processing, supported by strategic export positioning (e.g., Pemba port)**	**Graphite demand is expected to double by 2035 (~10,000 KT),** in a movement to **diversify processing supply** from China via investment pipelines across Asia, Europe and USA – with Africa positioning itself as a potential destination
	Aluminium processing	Existing **~580k mtpa smelter capacity**, upside to position "green aluminium" given abundant renewable electricity, and Maputo, Beira and Nacala corridors could enable **competitive supply into bordering markets**	There is **significant bordering import demand (~$420 M),** driven by increasing infrastructure development, urbanization, and industrial growth

1. Glass is a very localized industry, typically closely located to end-market due to higher weight, transport-sensibility and overall logistics complexity
2. Excluding South Africa, as the country leads regional glass production

Source: UNComtrade, African Minerals Development Centre, Strengthening Sustainability in the Glass Industry, Africa Aluminium Market, press search

These can be translated into five megaprojects, with potential to bring up to $5 Bn in investment and $3.5 Bn in annual revenues

Competitive anchor		Flagship investment	Vision	Description	CAPEX, Bn USD
Gas-as-Feedstock	A	**Urea fertiliser complex** 	Position Mozambique as **a relevant producer and exporter of fertilisers to Africa**, leveraging domestic gas availability to **scale fertiliser production respond to current gaps** in Southern African supply	**1.3 MMTPA urea fertiliser complex**, turning gas to ammonia and ammonia to urea, leveraging natural gas resources to capture $800 M fertiliser import demand in Southern Africa	**1.0–2.0**
	B	**Gas to methanol complex** 	Become a **top 3 methanol producer in Africa, leading exports to East and Southern Africa** as well competing in the South and East Asian markets	**1.8 MMTPA gas to methanol hub**, exporting raw methanol for fuel and petrochemical production	**1.5–2.0**
Gas-to-Power	C	**Glass production** 	**Become the top-5 Sub-Saharan country in container glass exports,** establishing Mozambique as a key supplier for bordering countries'[2] demand	**150 KTPA container (packaging) glass production plant**, supplying increasing domestic and regional demand for beverages and food industry	**0.1–0.2**
Input ecosystem	D	**Graphite processing hub (mine to CSPG[1])** 	**Become the third largest processor of graphite globally,** establishing Mozambique as a **key node in the global battery supply chain** and a leader in mineral transformation in Africa	**50,000 MTPA spherical graphite processing complex**, refining graphite sourced from Balama mine production and imported from Madagascar and Tanzania, localising currently exported production and competing with China	**0.5–0.6**
	E	**Aluminium casting, rolling and extruding** 	Keep **Mozambique a top 2 African producer of aluminium** and expand scope to regionally focused **semi-processed products**	**580,000 MTPA Aluminium smelting and midstream processing hub**, reviving ingot capacity from Mozal smelter and adding casting, rolling, and extrusion capacity	**0.4–0.5**

1. Concentrated Spherical Purified Graphite
2. Malawi, Mozambique, South Africa, United Rep. of Tanzania, Zambia and Zimbabwe

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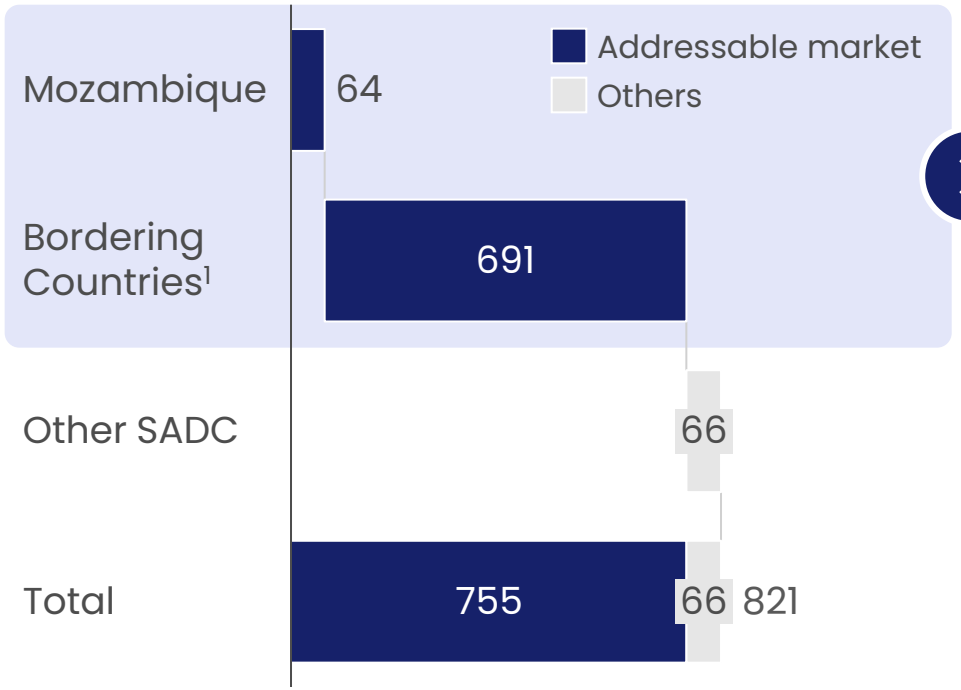
A. Mozambique could capture a $690 M urea fertilizer market in SADC, anchored on high availability and low cost of natural gas

SADC Urea Fertilizer Imports, 2024, *M USD*



Dimension	Why Mozambique
Secured gas supply	**25% of gas production is reserved for domestic use**, providing higher supply security than peers where no domestic allocation applies (e.g., Angola)
Lower cost of production	Gas drives 60–80% of urea production costs; **Mozambique's gas pricing (~$2-4 per MMBtu) can underpin a structurally competitive cost curve versus regional alternatives** (e.g., ~$5-5.5 per MMBtu in South Africa and ~$4 per MMBtu in Nigeria)
Strategic position for regional export	Mozambique is already a **main corridor for urea fertilizer transport within SADC;** as Maputo, Nacala and Beira corridors provide direct access to bordering countries that represent 90% of the regional demand (South Africa, Tanzania, Zambia, Malawi, Zambia and Zimbabwe)

Global agricultural production is expected to grow 68% by 2030, which will further create Urea Fertilizer demand

Mozambique can also access Asian[2] and Oceanian markets (~20% of global demand, corresponding to ~$8 Bn) via Nacala port with an advantaged route-to-market versus Angola and Nigeria

1. Southeast African countries for short-term market capture, given Mozambique's competitive advantages over regional fertilizer producers
2. Considers South and Southeast Asian countries

Source: UNComtrade, HIS Markit

A. There is an opportunity to stablish an E2E Urea Fertiliser complex with 1.3 MMTPA capacity

Urea fertiliser complex

E2E production hub of Urea Fertilizer with 1.3 MMTPA capacity, leveraging existing natural gas for Ammonia and Urea production

Investment metrics

$1–2 Bn
Investment required

$450–550 M
Annual revenue[1]

~200
~2500 indirect
Jobs created

$120–150 M
FX on nitrogenous fertilisers saved annually

Potential investors

Country	Company name[1]	Revenue, Bn USD	Presence in Africa
	Sumitomo	48.7	✓ 19 countries
	Yara International	15.6	✓ 7 countries
	Dangote Group	4.0	✓ 13 countries
	Indorama	7.1	✓ 2 countries
	Nutrien Ltd.	26.0	✗
	Syngenta	28.5	✓ ~2 countries
	Mosaic	12.1	✗
	CSBP Ltd.	9.0	✗
	Yunnan Yuntiahua	7.4	✗
	CF Industries	7.1	✓ 2 countries

1. Ranked by revenues, with companies with a demonstrated interest in Africa listed first

Source: Company website

A. Government could guarantee a de-risking package to enable delivery of a Urea Fertilizer Complex

Guarantee stable, cost-competitive industrial gas pricing below regional competitors[1] (<~$3/MMBtu) via long-term contracts

Upgrade and expand gas pipeline infrastructure to secure continuous supply of at least 75 mscf/day and reliable logistics access

Upgrade and operate critical transport infrastructure, including rehabilitation of the **national N1 road (Maputo–Pemba)**, and enable a competitive **cabotage ecosystem** across ports

Guarantee long-term land-use rights to establish an **ammonia–urea hub in the Nacala SEZ**, leveraging proximity to gas pipelines and the Nacala port

Guarantee that the industry can benefit from **0% import duties and VAT exemption** on capital goods imports to reduce implementation costs

1. For comparison, the main Sub-Saharan producers gas pricing are ~$5–5.5/MMBtu in South Africa and ~$4/MMBtu in Nigeria

A. To ensure success of a fertiliser complex, lessons should be taken from Yara regarding gas availability and price consistency

Project concept

Yara International proposed to build a **gas-based fertilizer complex** in Cabo Delgado which included:

- **1.3 million tones** of fertilizer annual capacity
- **30-50 MW integrated gas-fired power station** to supply the facility and local grid
- **$2 billion** requirement

Timeline of investment

2016 **Global tender launched** offering domestic gas at **a fixed price of $2.6 per MMBtu and 100 MMcf/d across all domestic projects**

2017 **Yara's proposal was selected by the government,** and a MoU was signed; Yara paid $1Mn security deposit to Mozambique as a commitment

2018 **Critical prerequisites ongoing** (e.g., gas purchase agreements, securing project finance)

2019 **Yara threatened to abandon project** unless gas could be purchased at a more cost-competitive price

2020 **Yara officially withdrew from the project,** after failing to reach an agreement on gas price

Government commitments

- **Stabilize gas pricing** by implementing targeted subsidies and clear rules to keep prices steady and under $3/MMBtu
- **Secure LNG supply chain**, strengthen site and corridor security to ensure continuous output of at least 75M scf/day and logistics access
- **Provide fertiliser policy certainty**, set predictable trade rules and regulation to reduce volatility and delays

These can be translated into five megaprojects, with potential to bring up to $5 Bn in investment and $3.5 Bn in annual revenues

Competitive anchor		Flagship investment	Vision	Description	CAPEX, Bn USD
Gas-as-Feedstock	A	**Urea fertiliser complex**	Position Mozambique as **a relevant producer and exporter of fertilisers to Africa**, leveraging domestic gas availability to **scale fertiliser production respond to current gaps** in Southern African supply	**1.3 MMTPA urea fertiliser complex**, turning gas to ammonia and ammonia to urea, leveraging natural gas resources to capture $800 M fertiliser import demand in Southern Africa	**1.0–2.0**
	B	**Gas to methanol complex** 	Become a **top 3 methanol producer in Africa, leading exports to East and Southern Africa** as well competing in the South and East Asian markets	**1.8 MMTPA gas to methanol hub**, exporting raw methanol for fuel and petrochemical production	**1.5–2.0**
Gas-to-Power	C	**Glass production**	**Become the top-5 Sub-Saharan country in container glass exports,** establishing Mozambique as a key supplier for bordering countries'[2] demand	**150 KTPA container (packaging) glass production plant**, supplying increasing domestic and regional demand for beverages and food industry	**0.1–0.2**
Input ecosystem	D	**Graphite processing hub (mine to CSPG[1])**	**Become the third largest processor of graphite globally,** establishing Mozambique as a **key node in the global battery supply chain** and a leader in mineral transformation in Africa	**50,000 MTPA spherical graphite processing complex**, refining graphite sourced from Balama mine production and imported from Madagascar and Tanzania, localising currently exported production and competing with China	**0.5–0.6**
	E	**Aluminium casting, rolling and extruding**	Keep **Mozambique a top 2 African producer of aluminium** and expand scope to regionally focused **semi-processed products**	**580,000 MTPA Aluminium smelting and midstream processing hub**, reviving ingot capacity from Mozal smelter and adding casting, rolling, and extrusion capacity	**0.4–0.5**

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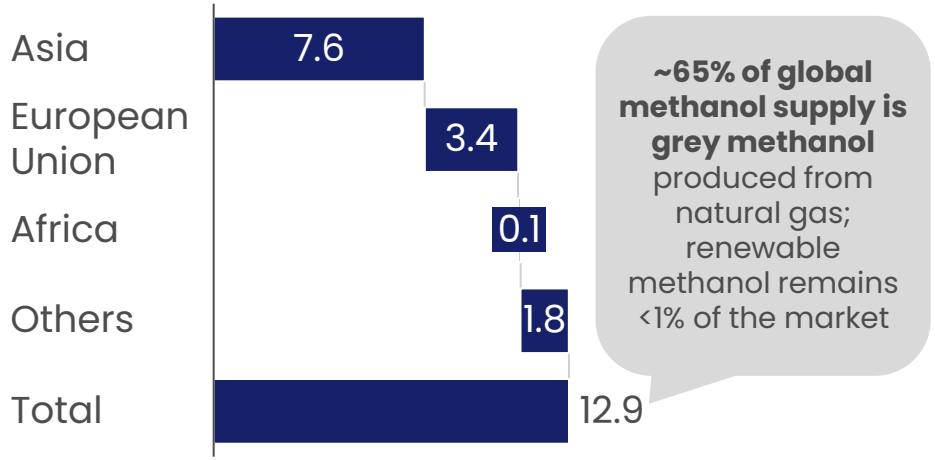
B. Mozambique can leverage advantaged gas economics to capture the growth tailwind in grey methanol

Global methanol imports, 2024, *Bn USD*



~65% of global methanol supply is grey methanol produced from natural gas; renewable methanol remains <1% of the market

There is a **tailwind opportunity for grey methanol,** due to emerging demand as an alternative marine fuel, with **~15M MT** demand expected by **2050**, supported by liquid handling at ambient conditions, compatibility with dual-fuel engines, and simpler storage/port logistics than traditional fuels

Dimension	Why Mozambique
Lower cost of production	Mozambique's **gas position (~$2–4/MMBtu) supports a structurally competitive cost curve** versus regional alternatives (e.g., South Africa ~$5.0–5.5, Nigeria ~$4/MMBtu)
Secured gas supply	**25% of gas production is reserved for domestic use,** providing high supply security
Strategic position for export	**Nacala port provides competitive access to South and Southeast Asia and flexibility to supply** other demand centres (Europe, Middle East, Latin America) and maritime clients

Even under optimistic cost-reduction scenarios, **e-methanol and bio methanol are projected to meet only ~75% of global demand by 2050**, sustaining a structural role for grey methanol

Source: UNComtrade, Innovation Outlook: Renewable Methanol, Renewable and Sustainable Energy Reviews

B. There is an opportunity to stablish a Grey Methanol production Hub with 1.8 MTPA capacity

Methanol production hub

Production hub of Grey Methanol with 1.8 MTPA total installed capacity in the Nacala Special Economic Zone, leveraging existing natural gas capacity

Investment metrics

$1.5–2.0 Bn
Investment required

$450–550 M
Annual revenue

~700
~2500 during construction
Jobs created

Potential investors

Country	Company name[1]	Revenue, Bn USD	Presence in Africa
	Methanex	3.6	✓ 1 country
	Mitsui & Co.	89.5	✓ 1 country
	Saudi ARAMCO	455.6	✗
	PETRONAS	65.6	✓ 9 countries
	Shaanxi Yanchang	51.8	✗
	OQ SAOC Oman	39.0	✗
	ThyssenKrupp	37.8	✗
	SABIC	31.1	✗
	Samsung C&T	28.4	✗
	Jiangsu Shenghong	16.6	✗

1. Ranked by revenues, with companies with a demonstrated interest in Africa listed first

C. Government could guarantee a de-risking package to enable the implementation of a Methanol production hub

Guarantee stable, cost-competitive industrial gas pricing below regional competitors[1] (<~$3/MMBtu) via long-term contracts

Upgrade and expand gas pipeline infrastructure to secure continuous supply of at least 170 mscf/day and reliable logistics access

Upgrade and operate critical export infrastructure, including reliable port access with **methanol storage** and **fuelling stations** to deliver methanol offtake directly to ships, and a competitive **cabotage ecosystem** to deliver feedstock across ports

Guarantee long-term land-use rights to establish a **Methanol production hub in the Nacala SEZ**, leveraging proximity to gas pipelines and the Nacala port

Guarantee that the industry can benefit from **0% import duties and VAT exemption** on capital goods imports to reduce implementation costs

1. For comparison, the main Sub-Saharan producers gas pricing are ~$5–5.5/MMBtu in South Africa and , Nigeria ~$4/MMBtu

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Gas-to-Power	C	**Glass production** 	**Become the top-5 Sub-Saharan country in container glass exports,** establishing Mozambique as a key supplier for bordering countries'[2] demand	**150 KTPA container (packaging) glass production plant**, supplying increasing domestic and regional demand for beverages and food industry	**0.1–0.2**
Input ecosystem	D	**Graphite processing hub (mine to CSPG[1])**	**Become the third largest processor of graphite globally,** establishing Mozambique as a **key node in the global battery supply chain** and a leader in mineral transformation in Africa	**50,000 MTPA spherical graphite processing complex**, refining graphite sourced from Balama mine production and imported from Madagascar and Tanzania, localising currently exported production and competing with China	**0.5–0.6**
	E	**Aluminium casting, rolling and extruding**	Keep **Mozambique a top 2 African producer of aluminium** and expand scope to regionally focused **semi-processed products**	**580,000 MTPA Aluminium smelting and midstream processing hub**, reviving ingot capacity from Mozal smelter and adding casting, rolling, and extrusion capacity	**0.4–0.5**

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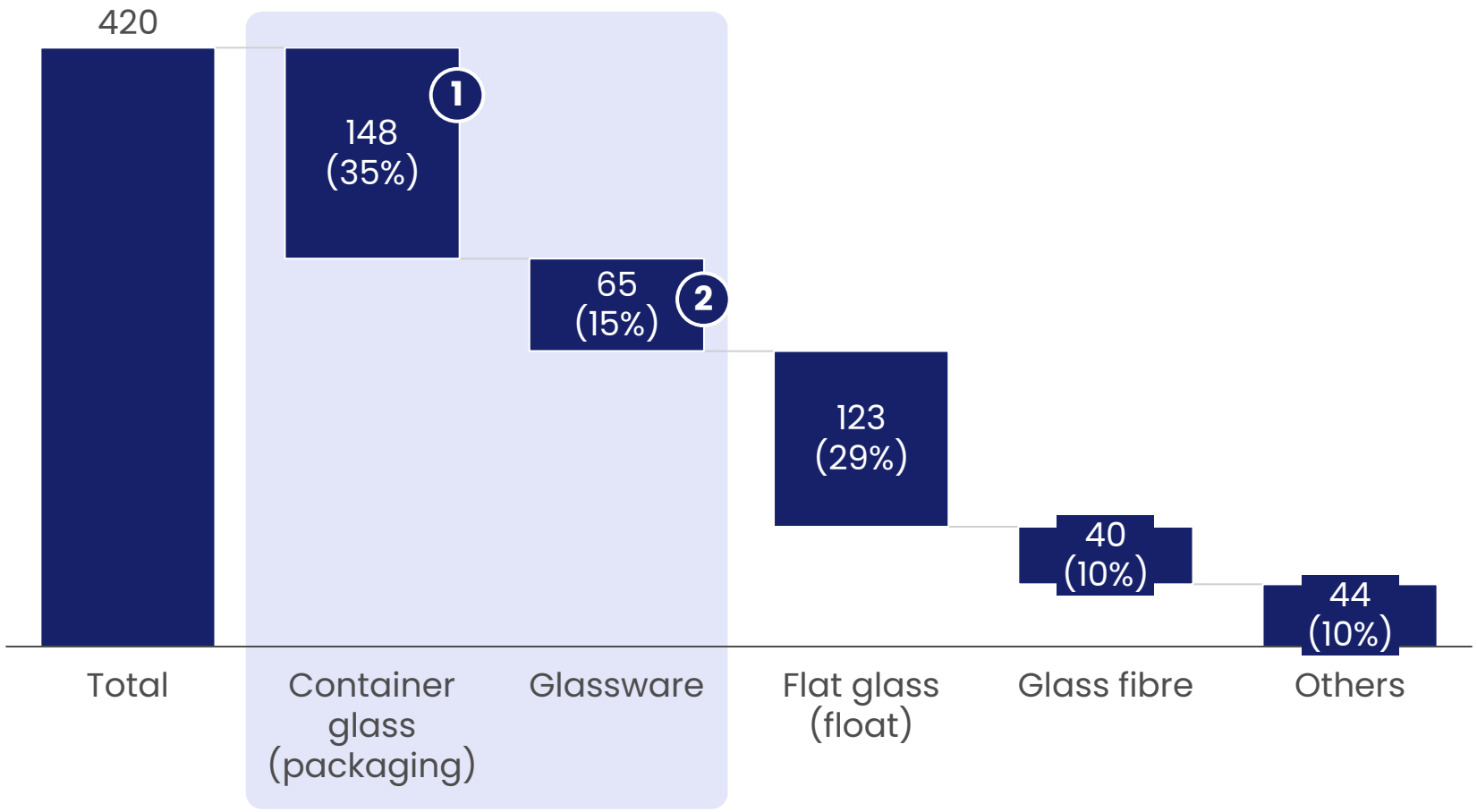
C. Container glass is the most compelling product for Mozambique as the largest regional[1] import category with a $148 M market

Domestic and bordering countries[1] glass imports by product type, 2024, *M USD*



Key insights

A container glass plant is the most compelling entry point for Mozambique, given it **addresses the largest import pool and anchors scale**

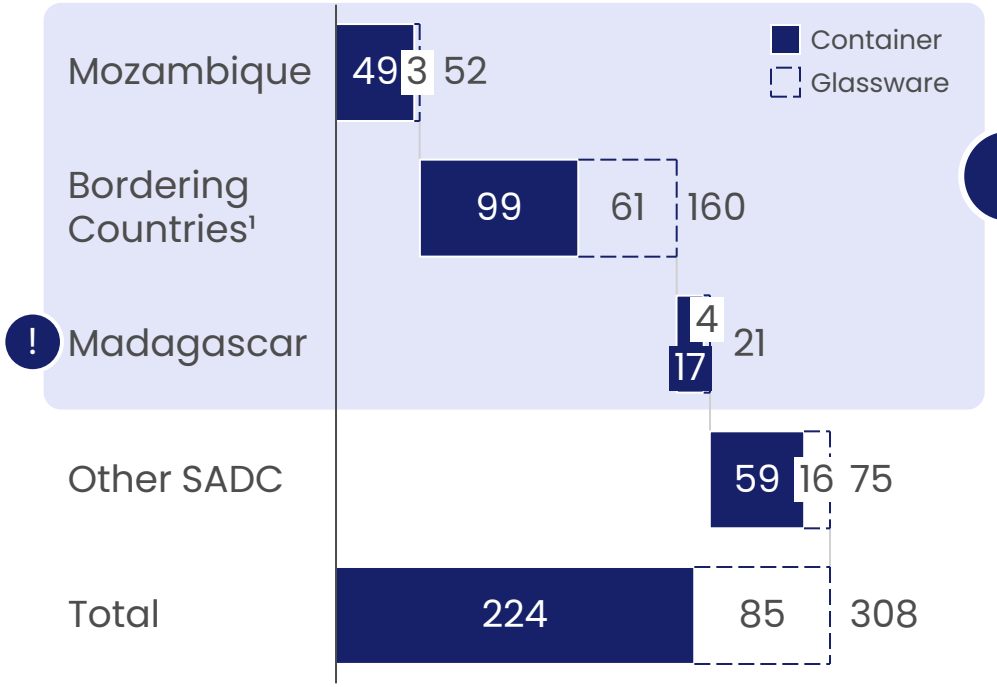
1. Demand is supported by **food and beverage packaging growth** across domestic and regional markets
2. The **same asset base can also capture adjacent glassware demand**, with strong manufacturing synergies for similarly formed products (e.g., tumblers and simple pressed/blown items)

1. Includes imports for Malawi, Tanzania, South Africa, Zambia and Zimbabwe

Source: UNComtrade

C. There is a regional ~$165M market opportunity for container glass exports, with an additional potential of $68M in glassware

Regional container glass and glassware imports, 2024, *M USD*



Dimension	Mozambique advantage
Lower cost of production	Glass production is highly energy and heat-intensive, with utilities representing **40-50% of production cost** **Mozambique's gas position (~$2-4 MMBtu) can underpin a structurally competitive cost curve versus regional alternatives** (e.g., South Africa ~$5.0-5.5, Tanzania $3.7-4.1 MMBtu)
Strategic position for regional export	Maputo, Nacala and Beira corridors provide **direct access into bordering countries while Nacala port** gives the country a privileged export-positioning into Madagascar
Secured gas supply	**25% of gas production is reserved for domestic use,** providing higher supply security than peers without a formal domestic allocation (e.g., Tanzania has no formal or uniform arrangement)

Global glass demand is forecasted to grow 30% by 2030, reflections of which are likely to increase SADC demand

Madagascar imports ~40% of its container glass from Tanzania, which indicates an opportunity to leverage logistical advantages to capture this market

1. Bordering countries include Malawi, South Africa, Tanzania, Zambia and Zimbabwe

Source: UNComtrade, HIS Markit, Africa Market Outlook

C. There is an opportunity to stablish a Container&Glassware Production Plant with 150KTPA capacity for regional supply

Container&Glassware Production Plant

Establish a Container&Glassware Production Plant with 150 KTPA capacity, supplying increasing domestic and regional demand for beverages and food industry

Investment metrics

$140–160 M
Investment required

$80–110 M
Annual revenue

~650
Jobs created

$150–190 M
FX on container glass import saved annually

Potential investors

Country	Company name	Revenue, Bn USD	Presence in Africa
	Ardagh Group S.A	9.1	✓ 1 country
	O-I Glass, Inc	6.5	✗
	Verallia S.A.	3.7	✗
	Şişecam	4.17	✓ 1 country
	BA Glass	1.7	✗
	Vitro International	N/A	✗
	Beta Glass Plc	0.08	✓ 1 country
	Madhvani Group	0.5	✓ 4 countries

Source: Company website

C. Government could guarantee a de-risking package to enable the implementation of a Container&Glassware Production Plant

Guarantee stable, cost-competitive industrial gas pricing below regional competitors[1] (<~$3/MMBtu) via long-term contracts

Invest in targeted capability development to guarantee existence of skilled operators of furnaces and forming lines

Upgrade and operate critical transport infrastructure, including rehabilitation of the **national N1 road (Maputo–Pemba)**, and enable a competitive **cabotage ecosystem** across ports

Guarantee long-term land-use rights to establish a Container and Glassware Plant **in the Nacala SEZ**, leveraging proximity to gas pipelines and the Nacala port

Guarantee that the industry can benefit from **0% import duties and VAT exemption** on capital goods imports to reduce implementation costs

1. For comparison the main Sub-Saharan producers gas pricing are ~$5–5.5/MMBtu in South Africa and $3.7-4.1 MMBtu in Tanzania

These can be translated into five megaprojects, with potential to bring up to $5 Bn in investment and $3.5 Bn in annual revenues

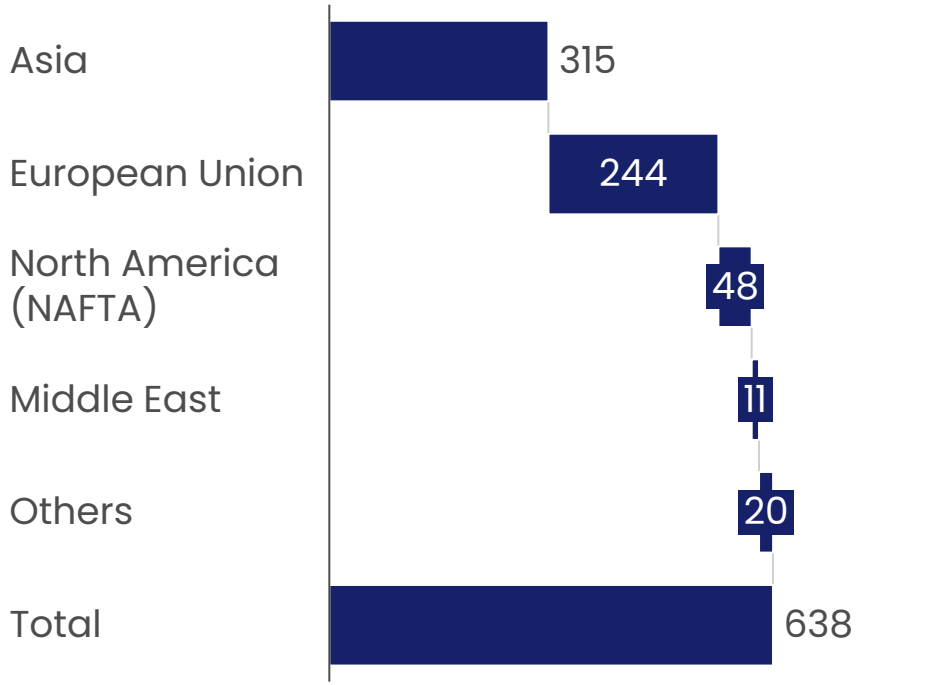
Competitive anchor		Flagship investment	Vision	Description	CAPEX, Bn USD
Gas-as-Feedstock	A	**Urea fertiliser complex**	Position Mozambique as **a relevant producer and exporter of fertilisers to Africa**, leveraging domestic gas availability to **scale fertiliser production respond to current gaps** in Southern African supply	**1.3 MMTPA urea fertiliser complex**, turning gas to ammonia and ammonia to urea, leveraging natural gas resources to capture $800 M fertiliser import demand in Southern Africa	**1.0–2.0**
	B	**Gas to methanol complex**	Become a **top 3 methanol producer in Africa, leading exports to East and Southern Africa** as well competing in the South and East Asian markets	**1.8 MMTPA gas to methanol hub**, exporting raw methanol for fuel and petrochemical production	**1.5–2.0**
Gas-to-Power	C	**Glass production**	**Become the top-5 Sub-Saharan country in container glass exports,** establishing Mozambique as a key supplier for bordering countries'[2] demand	**150 KTPA container (packaging) glass production plant**, supplying increasing domestic and regional demand for beverages and food industry	**0.1–0.2**
Input ecosystem	D	**Graphite processing hub (mine to CSPG[1])** 	**Become the third largest processor of graphite globally,** establishing Mozambique as a **key node in the global battery supply chain** and a leader in mineral transformation in Africa	**50,000 MTPA spherical graphite processing complex**, refining graphite sourced from Balama mine production and imported from Madagascar and Tanzania, localising currently exported production and competing with China	**0.5–0.6**
	E	**Aluminium casting, rolling and extruding**	Keep **Mozambique a top 2 African producer of aluminium** and expand scope to regionally focused **semi-processed products**	**580,000 MTPA Aluminium smelting and midstream processing hub**, reviving ingot capacity from Mozal smelter and adding casting, rolling, and extrusion capacity	**0.4–0.5**

UKaid from the British people **Manufacturing Africa**

1. Concentrated Spherical Purified Graphite
2. Malawi, Mozambique, South Africa, United Rep. of Tanzania, Zambia and Zimbabwe

D. Mozambique can become a competitive spherical graphite supplier in a ~$638M global market by building refining capacity

Global spherical graphite imports[1], 2024, *M USD*



Dimension	Mozambique advantage
Existing input ecosystem	**Balama provides ~350 ktpa mining capacity,** enabling reliable feedstock for spherical graphite refining **Additional volumes can be sourced from nearby producers** to increase refinery throughput (Tanzania ~8 ktpa; Madagascar ~70 ktpa)
Long-term feedstock supply	**Mozambique sits near ~21% of global graphite reserves** across Mozambique (~25,000 kt), Madagascar (~26,000 kt) and Tanzania (~18,000 kt), supporting a **long-term refining hub**
Strategic position for export	**Pemba port provides strategic access to international markets** in Asia, Europe and the USA, supporting its participation in the global value chain as countries aim to diversify refining supply from China

Global spherical graphite demand value is expected to **double by 2035**; without domestic refining, Mozambique risks remaining a raw-material exporter and missing the value-capture upside, despite being projected to become the **#2 global feedstock supplier**

1. HS code 3801.90

Source: UNComtrade, African Minerals Development Centre, Syrah Resources

D. Mozambique can build a Regional CSPG[1] hub with 50 K MTPA capacity to become a kappa key node in the global supply chain

Regional CSPG hub

Regional graphite mining and refining complex with 50,000 MTPA spherical graphite capacity, anchored on Balama feedstock and supplemented by Tanzania and Madagascar

Investment metrics

$400–500 M
Investment required

$450–550 M
Annual revenue

~300–500
New jobs created

Potential investors

Country	Company name[2]	Revenue, Bn USD	Presence in Africa
	Syrah Resources	0.1	✓ 1 country
	Mersen	1.4	✓ 1 country
	SGL Carbon	0.6	✗
	GrafTech International	0.5	✗
	Morganite Industries	0.5	✓ 1 country
	Graphite India	0.3	✗
	Toyo Tanso	0.3	✗
	HEG Ltd	0.3	✗
	Nippon Carbon Co.	0.2	✗
	De Nora Germany	0.2	✗

1. Coated Spherical Purified Graphite
2. Ranked by revenues, with companies with a demonstrated interest in Africa listed first

D. Government could guarantee a de-risking package to enable delivery of a Regional CSPG hub

Guarantee long-term access to cost-competitive industrial electric energy tariff (~$0.08/kWh) and other power-sources (e.g., gas) via long-term contracts, including electricity gridline upgrades and access to renewable sources

Invest in targeted capability development and technological transfer to guarantee existence of skilled labour for graphite refining and adjacent processes

Upgrade and operate critical transport infrastructure, including continued rehabilitation of Pemba port and adjacent logistical capabilities (e.g., graphite storage)

Guarantee that **benefits from the SADC free trade area are applied to imports of unprocessed graphite** from Tanzania and Madagascar (i.e., preferential tariffs)

Guarantee that the industry can benefit from **0% import duties and VAT exemption** on capital goods and key inputs' imports to increase cost-competitiveness in the global market

These can be translated into five megaprojects, with potential to bring up to $5 Bn in investment and $3.5 Bn in annual revenues

Competitive anchor		Flagship investment	Vision	Description	CAPEX, Bn USD
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	E	**Aluminium casting, rolling and extruding** 	Keep **Mozambique a top 2 African producer of aluminium** and expand scope to regionally focused **semi-processed products**	**580,000 MTPA Aluminium smelting and midstream processing hub**, reviving ingot capacity from Mozal smelter and adding casting, rolling, and extrusion capacity	**0.4–0.5**

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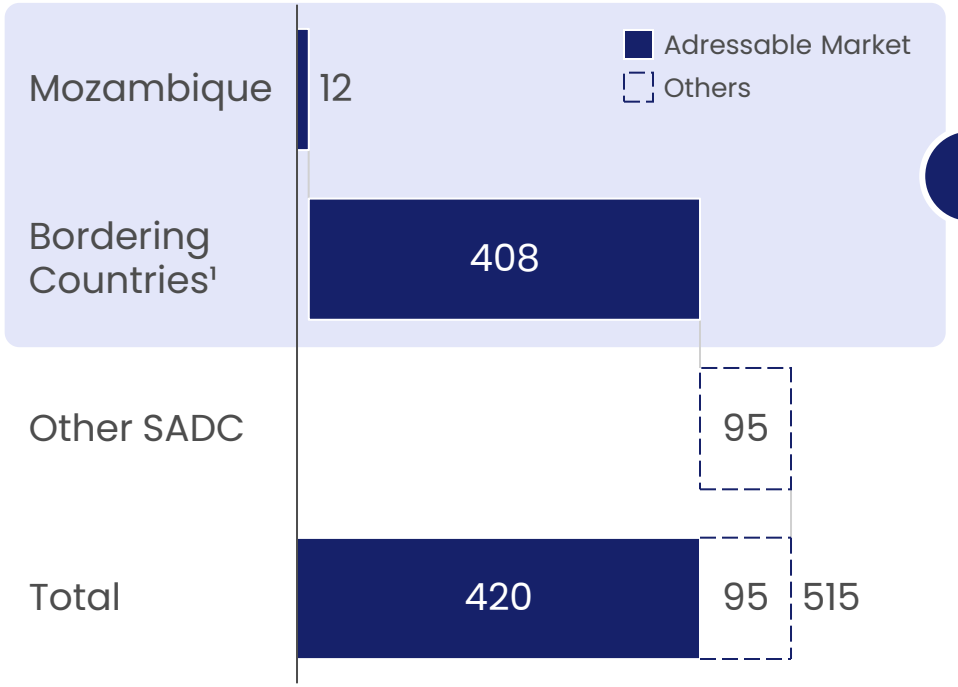
1. Concentrated Spherical Purified Graphite
2. Malawi, Mozambique, South Africa, United Rep. of Tanzania, Zambia and Zimbabwe

E. Aluminium semi-finished products represent a ~$420M addressable market for Mozambique

Regional semi-finished aluminium products imports, 2024, *M USD*



Africa aluminium products demand is forecasted to grow 30-35% by 2030, which driven by urbanization, population growth, and infrastructure expansion

Dimension	Mozambique advantage
Existing input ecosystem	Re-operating **installed capacity of 580,000 MTPA Aluminium smelting** can provide a high and reliable input supply for production of semi-finished aluminium
Strategic position for regional export	Maputo, Nacala and Beira corridors provide **direct access to bordering countries,** which represent a significant target market for semi-finished aluminium
Lower cost of production	Utilities represent **40-45% of production cost, Mozambique** has a structurally competitive electricity price **(~$0.08/kWh)** versus regional competitors (e.g., South Africa ~$0.14/kWh) Parallel to that, **Mozambique's labour** (~$160/month minimum wage[2]) is **comparably cheaper than South Africa** (~$290/month minimum wage[2])

At scale, Mozambique could **capture other SADC and international markets given price competitiveness and green premium** (e.g., USA and Europe)

1. Bordering countries include Malawi, South Africa, Tanzania, Zambia and Zimbabwe
2. Minimum wage value: Consider Mozambique's minimum industrial wage (MZN 10,147/month) and South Africa's general minimum wage per hour assuming a 8 hour/day shift for 20 days/month (ZAR 30.2/hour * 8 * 20)

Source: South Africa Government Gazette, INSS Moçambique, GlobalPetrolPrices

E. Reviving Mozal and adding 450,000 MTPA of midstream capacity could position Mozambique as a lead regional aluminium exporter

Aluminium casting, rod, rolling, and extruding hub

Integrated aluminium smelting and midstream processing hub with 580,000 MTPA capacity, from Mozal smelter and adding casting, rolling, and extrusion capacity

Investment metrics

$400–500 M
Investment required

$1–1.5 Bn
Annual revenue

~800–2000
~2000–7000 indirect
New jobs[1] created

$4 M
FX on rolled and extruded aluminium imports saved annually

Potential investors

Country	Company name[1]	Revenue, Bn USD	Presence in Africa
	South32	0.7	✓ 2 countries
	Chinalco Group	33.7	✓ 1 country
	GCL Group	28.0	⊗
	Midal Cables	0.1	✓ 1 country
	Hongqiao Group	22.8	✓ 1 country
	Norsk Hydro ASA	20.6	⊗
	En+ Group	16.6	⊗
	Rusal	13.9	✓ 1 country
	Alcoa Corp.	12.8	✓ 1 country
	Shandong Innovation	11.3	⊗

1. Ranked by revenues, with companies with a demonstrated interest in Africa listed first

E. Government could guarantee a de-risking package to enable the implementation of an Aluminium Hub in Mozambique

Guarantee long-term access to cost-competitive industrial electric energy tariff (~$0.08/kWh) via long-term contracts

Upgrade energy gridline to ensure consistent and reliable energy availability in the Aluminium Hub (e.g., minimum of 1000 MWh), done via **storing surplus energy** and guaranteeing access to **renewable sources** to enable exports to environmentally conscious markets like the E.U.

Upgrade and operate critical transport infrastructure, including rehabilitation of the **national N1 road (Maputo–Pemba)**, and enable a competitive **cabotage ecosystem** across ports

Guarantee long-term **land-use rights for land near the current Mozal facility**, to establish an Aluminium Hub

Guarantee that the industry can benefit from **0% import duties and VAT exemption** on capital goods imports to reduce implementation costs

A delivery lab could drive origination and conversion of large-scale FDI through tight coordination and direct executive alignment

PRELIMINARY FOR DISCUSSION

A delivery lab should be created to d**rive origination and conversion of large-scale FDI projects by ensuring tight coordination across government, rapid decision-making, and direct escalation to the Presidency**

Dimension	Description
Core functions	• **Strategic development thinking** – Build strategic documents on main short-term themes for Mozambique, i.e., Gas Master Plan (what can we do with the domestic Gas) • **Investment case development** – Build and refine investor-ready cases, including commercial, regulatory, and financing packages • **Investor origination & engagement** – Identify, target, and actively engage strategic investors and partners
Participants	**Bi-weekly working sessions** with the following stakeholders: • **GRPE (Presidential Delivery Unit) –** Provides direct link to the Presidency, ensures rapid escalation and political alignment • **UK FCDO –** Co-leads coordination, ensures delivery discipline, provides technical support and international best practices • **APIEX –** Lead investor interface; responsible for investor targeting, engagement, and facilitation across the lifecycle • **MPD –** Ensures alignment with national development priorities and project prioritisation; supports structuring of flagship opportunities • **IFC / World Bank** – Support structuring of bankable projects, mobilise private capital, and design de-risking instruments

Key next steps

1. Formally confirm membership and roles and secure formal endorsement from Presidency (via GRPE) and MPD
2. Schedule the first monthly coordination session and lock recurring dates in all participants' calendars
3. Nominate senior representatives with decision-making authority across institutions
4. Define clear pathways for fast-tracking approvals and escalating blockers to GRPE / Presidency
5. Identify target investors and initiate engagement through APIEX and diplomatic channels

The **high complexity** of the topics under consideration **may warrant establishing a dedicated strategic taskforce** to support

The delivery lab will oversee the implementation of 7 key interventions required to originate one flagship opportunity

PRELIMINARY

Intervention	Description
1 Secure executive alignment and national sponsorship for priority flagship opportunities	Align at the highest level on which flagship projects Mozambique will actively pursue, what the ambition is for each, and which issues require direct Executive sponsorship
2 Develop a gas-based industrialisation masterplan	Translate gas availability into a structured pipeline of anchor industries, enabling infrastructure, domestic value-add opportunities, and target investors for identified opportunities
3 Develop dedicated strategic roadmaps for the other flagship opportunities	Build a tailored strategic roadmap for each non-gas flagship opportunity, such as graphite processing, including value proposition and enabling conditions
4 Define a project-specific government offer for each flagship opportunity	Clarify what the Government can credibly put on the table for each project, including land access, infrastructure commitments, incentives, fast-track treatment, and institutional support
5 Map target investors and launch structured engagement with investors and industry experts	Build a longlist and shortlist of investors, operators, EPCs, traders, and sector experts, and start structured outreach to test appetite and gather market feedback early
6 Secure international knowledge and credibility partnerships	Identify and mobilise international technical and institutional partners that can strengthen project credibility, support structuring and build investor confidence
7 Organise targeted sector deal rooms, investor roundtables, and value-chain forums	Organize targeted engagement formats such as investor roundtables, site visits, and sector-specific forums focused on concrete opportunities

Thank you