

FOURTH CAADP
BIENNIAL REVIEW
BRIEF
MOZAMBIQUE



**Africa Agriculture
Transformation Scorecard:
Performance and Lessons**

Africa Agriculture Transformation Scorecard: Performance and Lessons

Fourth CAADP Biennial Review Brief: Mozambique

Meizal Popat,¹ Duque Wilson,² Benedito Cunguara,³ and Greenwell Matchaya⁴

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Established in 2006 under the Comprehensive Africa Agriculture Development Programme (CAADP), the Regional Strategic Analysis and Knowledge Support System (ReSAKSS) supports efforts to promote evidence- and outcome-based policy planning and implementation. In particular, ReSAKSS provides data and related analytical and knowledge products to facilitate CAADP benchmarking, review, and mutual learning processes.

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¹ Eduardo Mondlane University.

² Ministry of Agriculture and Rural Development.

³ Independent Consultant.

⁴ ReSAKSS-ESA, International Water Management Institute (IWMI), South Africa.

1. Introduction

Mozambique is facing challenging socioeconomic conditions. Over the past few years, the country's Human Development Index (HDI) score has not shown substantial improvements. Between 2018 and 2022, for instance, Mozambique's HDI score hovered around 0.46 and was ranked just 10 spots above the country with the lowest human development score. In 2022, Mozambique's HDI was still within that range, below the average HDI score for African countries south of the Sahara (0.55) and for the least developed countries (0.54). With the exception of the expected years of schooling indicator, Mozambique lags in many of the key dimensions of HDI, such as life expectancy at birth, mean years of schooling, and gross national income (GNI) per capita (UNDP 2024).

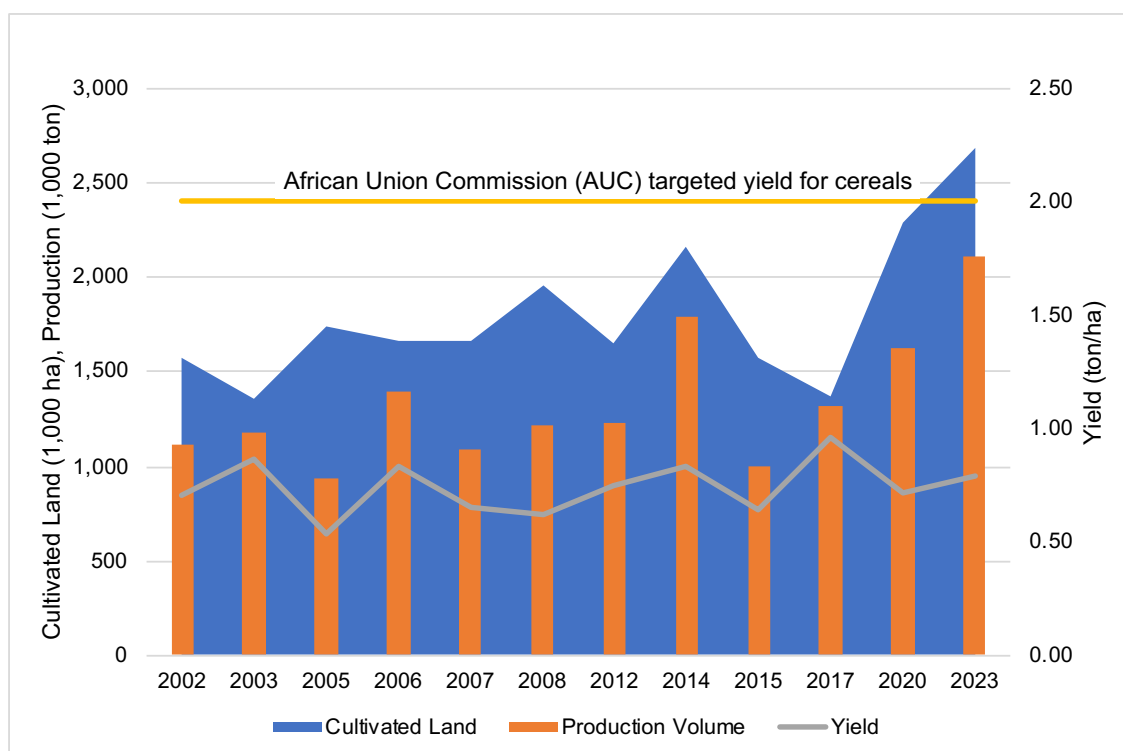
The most recent statistics suggest that between 2015 and 2022, Mozambique's poverty rate increased by about 19 percentage points. In 2022, the poverty rate was around 65 percent, about 3 percentage points lower than the highest poverty rate recorded in 2020 (MEF 2024). The country's GNI per capita (adjusted to the purchasing power parity), regarded as a proxy indicator for a decent standard of living, is ranked 27th out of the 33 countries classified as the lowest in human development, which is just six positions above that of the country with the lowest GNI per capita (UNDP 2024). Agriculture remains the predominant and most important livelihood for the majority of the population, with the sector employing almost 69 percent of the active labor force (INE 2022). However, the country has so far made limited progress in terms of agricultural development.

Agricultural data shows productivity stagnating across different cropping segments in Mozambique. Much of the growth in agricultural output can be attributed to agricultural extensification rather than structural changes in the sector. For instance, the cultivated land and production volume for maize, the country's most widely grown crop, has increased at nearly the same rate over the period 2002-2020 without substantial yield changes (Mole and Popat 2024). Figure 1 reinforces the relative stagnation of maize yields over that period. Comparatively, the average domestic maize yields over the 2012-2022 period were about five times lower than those for the Southern Africa region (FAO 2024) and generally lower than the 2 tons per hectare target set by the African Union. This is not surprising, as nearly 99 percent of Mozambique's domestic farmers are smallholders (MADER⁵ 2023).

⁵ Ministry of Agriculture and Rural Development (MADER)



Figure 1: Maize production, productivity, and cultivated land (2002-2020)



Source: (MADER, 2002, 2003, 2005, 2006, 2007, 2008, 2012, 2014, 2015, 2017, 2020, and 2023).

The fourth CAADP Biennial Review (BR) report shows that none of the countries in Southern Africa, including Mozambique, were on track to achieve the Malabo Declaration commitments. This has been the case since the first BR (AUC 2014). Nevertheless, the fourth BR (BR4) highlights some positive progress for Mozambique. This brief evaluates Mozambique's progress in terms of aligning agricultural policies, strategies and programs with the Malabo Declaration commitments. We analyze gaps and strengths within the existing agricultural policy environment and institutional capacity vis-à-vis various evidence-based achievements.

2. Progress made Toward Achieving the Malabo Declaration Commitments

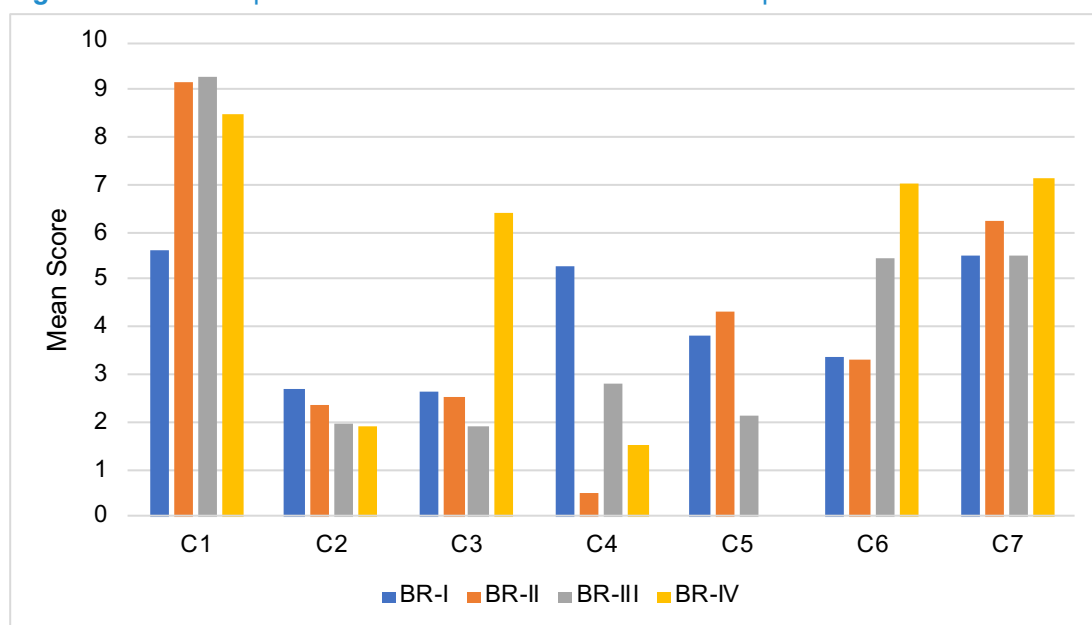
The Malabo Declaration, endorsed in June 2014 by the African Union (AU) Heads of State and Governments, agreed on seven commitments for the agricultural sector that would be achieved by 2025. The seven commitments were: 1) Upholding the principles and values of CAADP; (2) Enhancing investment finance in agriculture; (3) Ending hunger in Africa by 2025; (4) Halving poverty by 2025 through inclusive agricultural growth and transformation; (5) Boosting intra-African trade in agricultural commodities and services; (6) Enhancing the resilience of livelihoods and production systems to climate variability and related risks; and (7) Ensuring mutual accountability for actions and results through continent-wide BRs to monitor progress in achieving these commitments (AUC 2014). The results from BR4 (covering the 2015-2023 period) show that Mozambique is far behind in terms of achieving the Malabo Declaration goals. The country's overall score was estimated to be 4.64 out of 10 for BR4 (AUC 2024). Table 1 below summarizes the country's disaggregated score.

Table 1: Summary of Mozambique's BR4 performance for progress made in implementing the Malabo Declaration commitments

Commitment	Mozambique	Progress	Benchmark
C1. Commitment to CAADP process	8.50	<i>Not on track</i>	10.00
C2. Enhancing investment finance in agriculture	1.91	<i>Not on track</i>	9.50
C3. Ending hunger	6.40	<i>Not on track</i>	9.26
C4. Halving poverty through agriculture	1.50	<i>Not on track</i>	8.94
C5. Boosting intra-African trade in agricultural commodities and services	0.00	<i>Not on track</i>	9.00
C6. Resilience to climate variability	7.01	<i>Not on track</i>	9.75
C7. Mutual accountability for actions and results	7.13	<i>Not on track</i>	8.60
Average score	4.64		9.29

Compared to the scores from BR3, Mozambique's performance declined in four of the seven commitments (Figure 2). The BR4 results highlight areas of concern mostly related to Commitments 2 and 3 – the latter's score more than tripled in comparison to BR3.

Figure 2: Mozambique's scores in the last four CAADP BR Reports

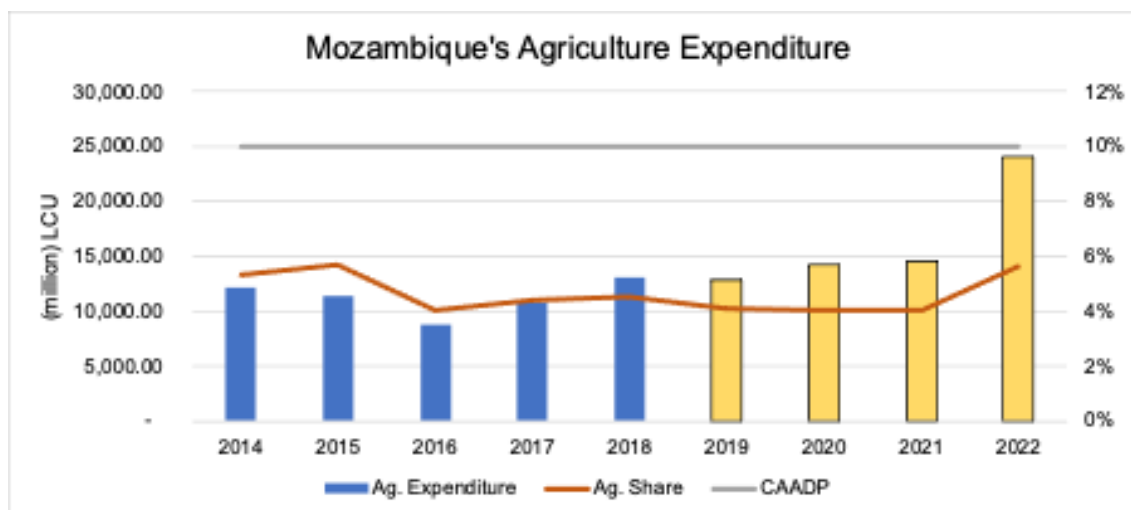


Source: AUC (2018, 2020, 2022, 2024).

Note: C1 to C7 are the commitment areas.

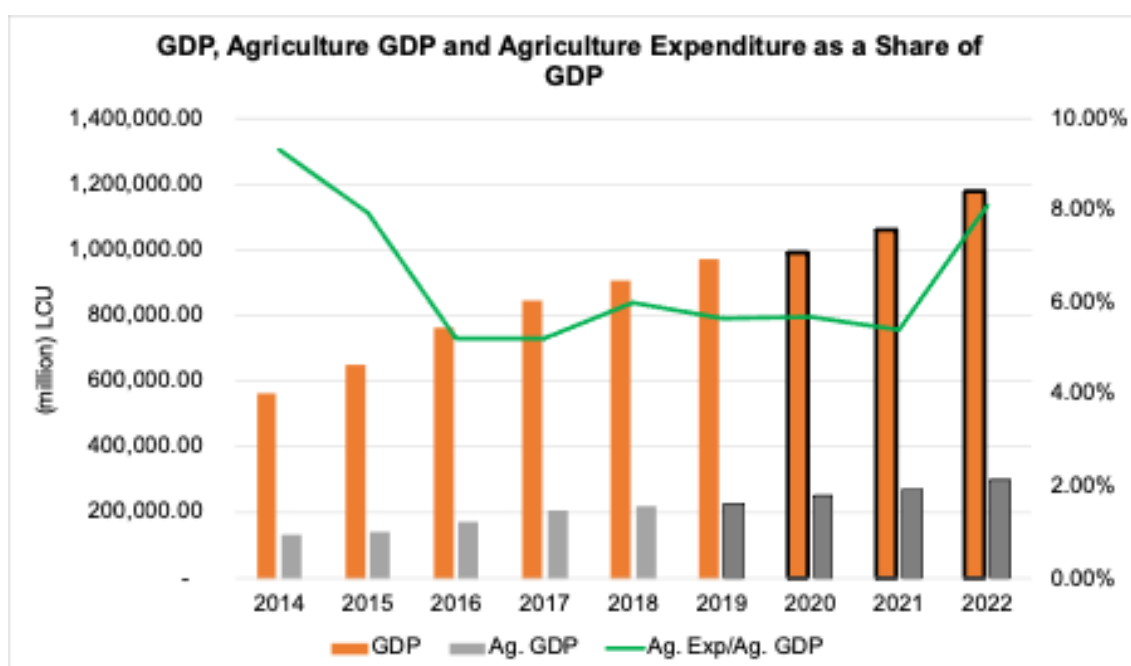
Some of Mozambique's most critical areas of concern are related to the share of public expenditure allocated to agriculture, private investments in agriculture, and access to finance (Commitment 2), as well as access to and level of usage of agricultural inputs and technologies (Commitment 3) (AU 2024). Focusing on Commitment 2, a decade of agricultural data since 2014 shows that the portion of public expenditure allocated to agriculture has always lagged behind the 10 percent CAADP target. Figure 3 shows that over the four years leading up to 2022, that share has been about 6 percent on average. Further, according to the data from the World Bank (2024) shown in Figure 4, investments in the agricultural sector have not contributed apparently to efficiency gains. The only apparent exception to this trend came in the 2014-2016 period when the ratio between agricultural expenditure and agricultural gross domestic product (GDP) declined. This means that agricultural GDP was growing faster than agricultural expenditure, suggesting that agriculture was not receiving a fair share of the resources it generates annually from an expenditure perspective. The ratio remained stable or even deteriorated for most of the remaining (2017 to 2022) period.

Figure 3: Mozambique's (i) Agricultural expenditure and (ii) Agricultural expenditure as a share of total expenditure



Source: World Bank (2024).

Figure 4: Mozambique's GDP, agricultural GDP, and agricultural expenditure as a share of GDP



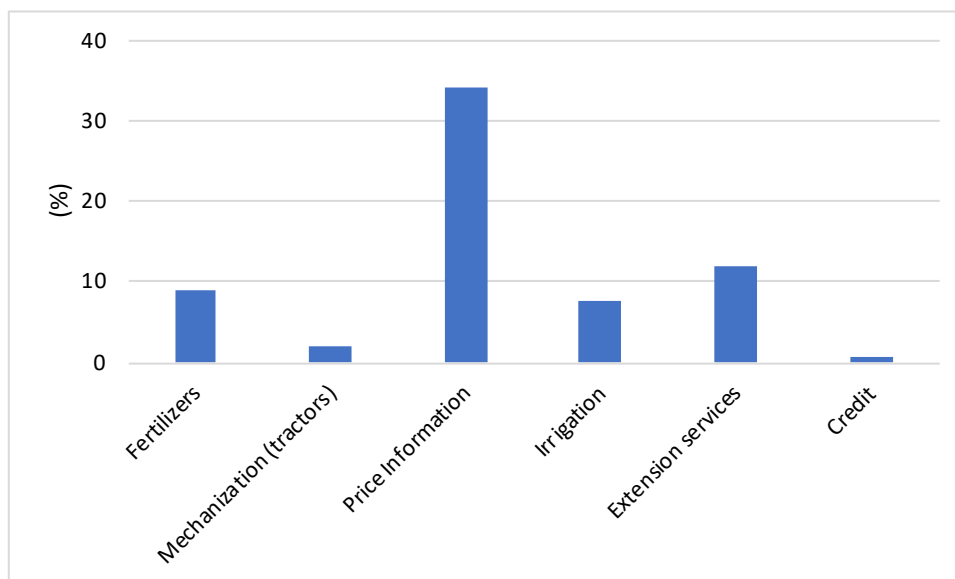
Source: World Bank (2024).

Information regarding private investments in agriculture in Mozambique is not easily accessible. However, it is unlikely that substantial private investments were made in the sector from 2014 to 2022 because i) Agricultural GDP has remained most likely stable over time; ii) International Monetary Fund (IMF 2020) data and projections estimated an average (2017-2023) foreign direct investment (FDI) of about 20 percent of GDP albeit with some considerable fluctuations⁶; iii) Majority of FDI is concentrated in the extractive industrial sector. For instance, in 2011, about 87 percent of FDI went exclusively to the extractive industry while only about 3 percent was directed to (Associação de Comércio, Indústria e Serviços 2012). In addition, the actual adoption rates of improved inputs, mechanization, and access to support services such as credit and extension remain very low (Figure 5), with unclear signs

⁶ With a standard deviation of 4.26 percent.

of a positive structural change in the agriculture sector (Mole and Popat 2024). Besides the low adoption rates, the use of improved inputs (e.g., fertilizers) also suffers from inefficient or insufficient use in comparison to the targeted rate (AU 2024).

Figure 5: Percentage of small- and medium-scale farmers with access to improved inputs, mechanization, and support services in 2019/2020



Source: Data from MADER (2023).

3. Agricultural Policy Environment and Institutional Capacity: Gaps and Strengths

Despite Mozambique's slow progress toward achieving the Malabo Declaration commitments, BR4 highlights several areas where the country's performance is considered strong. One of these areas is related to existing agricultural policies, supportive institutions, and human resources (AU 2024).

Between 2021 and 2023, various sectoral and cross-cutting related policies, programs, and projects within the agricultural sector have been approved, and new institutional arrangements established. Over the same period, the Government of Mozambique approved its Long-term Strategic Plan for the Agrarian Sector Development (PEDSA 2022-2030). However, these strengths have not been enough to achieve tangible progress within the sector due to the following reasons:

- Historically, Mozambique's **agricultural policy framework has been strongly oriented toward market-distorting policies and forms of support**. Examples here include the subsidy programs intended to foster the adoption of new technology among smallholder farmers. The continuation of subsidy programs remains an important strategy in PEDSA (2022-2030) and Mozambique's National Agricultural Investment Plan (NAIP). While subsidies are undoubtedly an important mechanism to foster technology adoption, not much has been achieved over the last five decades, with this form of public support mostly focused on smallholder and subsistence-oriented farmers.
- **The free-rider problem seems to be a direct consequence of the failure of subsidy programs**. In the context of Mozambique, Mole and Popat (2024) describe the free-rider problem as a consequence of a lack of incentives from farmers to make rational or profitable use of inputs provided through subsidy programs. The authors make a case that (in-kind) subsidy programs often target smallholder farmers with minimal

market participation and whose aspiration is mostly to maximize their likelihood of survival rather than profitability. As a result of the free-rider problem, subsidy programs generally result in high adoption rates for new technologies during the start of the programs, declining and becoming unsustainable later on when the phaseout approaches. An apparent case of such a problem is documented in the rice sector in Mozambique. Between 2007 and 2011, domestic rice production in the country experienced rapid growth. During that time, government policies focused on input and mechanization subsidies for rice farmers. However, once the subsidy program ended, production dropped to its previous levels, and domestic rice commercialization did not change substantially (FAO 2017).

- **Support through interventions to provide public goods remains low and ineffective.** Classic examples of public goods include infrastructure, extension services, and research. Figure 3 shows that access to extension services remains very low. The World Bank (2024) also highlighted the country's under-investments in agricultural research. Nevertheless, Mozambique's NAIP (2022-2026) includes investments in public goods, which are budgeted at over 50 percent of the total agricultural investments. While the realization of that budget is subject to the availability of financial resources, it will be important to ensure accountability to assess the returns from these investments.
- **Private sector participation remains weak.** Anecdotal evidence points to several factors that could explain the weak participation of private sector actors in agriculture. The most plausible of these are the lack of attractive and affordable credit services tailored to the socioeconomic profile of private sector actors; inadequate marketing infrastructure that results in cost-inefficiencies for businesses; as well as a heavily bureaucratic and expensive business environment.
- **The role of new institutional arrangements needs to be strengthened to ensure effective and efficient intra- and inter-institutional coordination.** The establishment of the Agricultural Sector Coordination Committee (CCSA) over 10 years ago was based on the need for effective inter-institutional coordination at both national and sub-national levels. However, the CCSA has not been effective. Anticipated synergistic effects from coordinated interventions and investments have been limited and not sufficient to promote the development of Mozambique's agricultural sector.

Overall, BR4 reveals six indicators across Commitments 1, 3, and 7 where Mozambique has made strong progress, i.e., above the benchmark score. This is a substantial improvement from BR3, where the country was ranked as being on track for only 1 out of 24 indicators. For Commitment 1 in BR4, the country remained on track on the CAADP process indicator, while the CAADP-based policy and institutional review (setting or support) indicator improved to being on track. Some highlights of the country's efforts under Commitment 1 relate to the submission of the proposed Governmental Decree to institutionalize the CCSA at all levels; development of the CCSA's manual of functioning procedures; design of the NAIP in line with the Malabo Declaration priorities; and the design and approval of evidence-based policies and strategies.

In terms of Commitment 3, Mozambique excelled in areas related to post-harvest losses and sanitary and phytosanitary (SPS) measures. The country started tracking the levels of post-harvest losses across different stages of the supply chain for five commodities (maize, beans, cassava, cashew nuts, and cotton). In addition, Mozambique also developed a post-harvest strategy and implementation plan which was extended to the livestock and fisheries sub-sectors. For SPS measures, Mozambique reinforced food inspections at the retail level and inspection planning. The country also developed regulatory instruments related to risk-based food safety standards. However, one of the major concerns related to SPS measures is the lack of infrastructure, such as laboratories, to conduct in-country quality assessments.

Finally, for Commitment 7, the high-performing indicators are related to the country's capacity for evidence-based planning, implementation, monitoring, and evaluation (M&E), as well as the communication and dissemination of results from the BR. These improved results are the outcome of the government's rearrangement of institutional frameworks to establish research departments within MADER and other ministries.

4. Recommendations

While Mozambique has taken several positive steps toward the transformation of its agricultural sector, there is still a lot of room for improvement if the country is to achieve the Malabo Declaration goals. Achievement of these goals by 2025 is unlikely; nevertheless, the country should prioritize selected Malabo Declaration commitments for the development of its domestic agricultural sector. Based on BR4, we make the following recommendations:

- Increase public expenditure on agriculture, **prioritize investments in public goods, and place less emphasis on market-distorted forms of support.**
- **Focus on relevant market-distorting forms of support for the private sector,** targeting those actors with an acceptable risk profile. Such support should also be tailored to the micro-regional, agroecological potential and market opportunities. The support should also be oriented to both on- and off-farm business sectors while ensuring the implementation of mechanisms to prevent free-rider issues.
- Continue with efforts to promote affordable and easier participation of both domestic and international private sector actors within agriculture. This can be achieved by supporting **more transparent and less bureaucratic processes within the business environment.**
- **Reinforce the existing M&E mechanisms,** focusing on effectiveness and efficiency. For example, in the context of agricultural productivity, various aspects such as the use of agricultural inputs and access to extension services (i.e., effectiveness) are important, but the amount and type of agricultural inputs used, or the number of extension visits, and the type of assistance provided to farmers (i.e., efficiency), may be detrimental. Besides its function as an accountability mechanism, M&E should ensure that all interventions and existing institutional arrangements serve their purpose.



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Regional Strategic Analysis and Knowledge Support System
by AKADEMIYA2063 & IWMI

ReSAKSS-Eastern and Southern Africa

Hatfield Gardens, Block G - Ground Floor
333 Grosvenor Street, Hatfield 0083
Pretoria, South Africa
Email: resakss@akademiya2063.org
Website: www.resakss.org



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AKADEMIYA2063 Headquarters

Kicukiro/Niboye KK 341 St 22
P.O. Box 1855
Kigali, Rwanda
Tel: +250 788 318 315
Email: kigali-contact@akademiya2063.org
Website: www.akademiya2063.org

AKADEMIYA2063 Regional Office

Lot N*3 Almadies
P.O. Box 24 933
Dakar, Senegal
Tel: +221 33 865 28 81
Email: dakar-contact@akademiya2063.org
Website: www.akademiya2063.org

