Feed the Future Enabling Environment for Food Security Project
Policy Data Snapshot: Mozambique

The World Bank’s Enabling the Business of Agriculture Index (EBA) is a unique tool for measuring the ease of doing agribusiness. EBA data, coupled with contextual analysis and consultations with key stakeholders, can inform priority reforms and allow for transparent result tracking over time and across countries. The index scores, on a scale of 0-100*, the strength of the legal and institutional environment for agribusinesses across eight topics: seed, fertilizer, machinery, finance, markets, transport, water, and ICT. Scores and detailed topical data can be used to inform design and monitoring of Feed the Future’s (FTF) agricultural reform efforts. As seen in the graphic, Mozambique is a comparatively strong performer in most topic areas with the exceptions of facilitating access to fertilizer and machinery technologies. Overall, legal and regulatory frameworks impose inefficient and expensive registration bottlenecks with unnecessarily short time limitations. The legal framework could also improve consumer safeguard measures to improve quality control of agricultural inputs and financial services. The following sections take a deeper look at selected EBA data relevant to USAID/Mozambique.

**Finance**

Mozambique has room to improve across all categories of financial services. When compared to Kenya and Tanzania, Mozambique has fewer customer safeguards in place. For example, the country has no requirements for internal control mechanisms or minimal agent standards for branchless banking; it does not mandate that MFIs or financial cooperatives (non-bank lending institutions) subscribe to deposit insurance systems; and financial institutions are not required to declare interest rates to borrowers. Finally, there is no legal framework for secured transactions that would allow businesses to use movable assets as collateral. This gap constrains access to financial services for agribusinesses.

**Water**

Mozambique performs relatively well in the area of water, but lags behind regional leaders in water management, Zambia and Kenya. For example, the law governing integrated water resource management in Mozambique is inclusive and consultative, but it provides little guidance on what should be included in a basin/aquifer plan such as resource descriptions, uses, pollution sources, identification of protected areas and drought/flood mitigation plans. There is also no legal mandate for periodic updating of plans. The government monitors plans frequently and individual water use is managed sufficiently through permits and periodic monitoring. Mozambique could improve by introducing a streamlined water use permit renewal process and increase public online access of plans and monitoring results.

*The distance to frontier score compares a country's performance to the highest performing country (“frontier”). The higher the score, the more of a top performer the country is in a particular area.*
Mozambique’s machinery ranking falls below the sub-Saharan Africa average. Mozambique excels in its tractor import scores, reflecting few regulatory barriers to accessing these technologies. There are no import permits and importer registration is indefinite. Once imported, however, tractors must undergo a lengthy and costly registration process, requiring 20 days to register for 15% per capita income. By comparison, Kenya registers tractors within 7 days at 2% per capita income. Also, tractors must be registered for all uses rather than the best practice of registration for on-the-road-use only. Yet regular inspections of in-use tractors are not required. The life span of machinery could be expanded by legally requiring machinery dealers to provide after-market service and parts. On the whole, the system creates a costly bottleneck around machinery registration while providing few additional benefits to those who register.

The Feed the Future Enabling Environment for Food Security program is a global support mechanism for Feed the Future focused and aligned Missions to address policies, as well as legal, institutional, and regulatory factors that affect food security. To learn more, please contact Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (Chief of Party) at nkline@fintrac.com.