



SCOPE OF CONSULTANCY

STRENGTHENING THE PRODUCTIVE AND ENTREPRENEURSHIP CAPACITIES OF AGRO-PROCESSING/AGRI-BUSINESS SMES ASSOCIATIONS TO INTEGRATE INTO REGIONAL AND CONTINENTAL VALUE CHAINS

1. Background

With its abundant natural resource endowment, Mozambique has good prospects for diversifying production, advancing industrialization, and promoting economic transformation. While the country's gross domestic product had been growing annually by 5-7% in real terms over the past decade, this has not been accompanied by structural change or enough job creation. Mozambique urgently requires strong economic transformation to address the short-term macroeconomic challenges and create the much-needed jobs for the growing population.

While there are many viable economic sectors, agriculture and agro-processing offers great potential, as Mozambique has excellent agro-climatic conditions with only 15 % of arable land being utilized. This presents an opportunity for the development of SMEs in agro-processing and agribusiness in the country. Agro-processing and Agribusiness have so far been severely constrained by a lack of access to credit and under-investment, which has hampered the sector with the largest share in GDP (more than 28%) and the largest contributor to employment (42%). However, Agribusiness is a sector that holds great potential given the extent of Mozambique's unused arable land (85% according to the Centre for Agriculture Promotion, CEPAGRI) and its agro-ecological conditions, especially conducive to surpluses in the northern and central provinces.

The Mozambican young entrepreneurs and SMEs could not capture the opportunities presented by international investments during the past decade because of low capacity, unlevelled playing field and the prevalence of uncompetitive and incomplete markets. SMEs need access to a diverse range of services that enable them to become more efficient and competitive, building their capacity and reducing unit costs of production. Very often it is business services that enable a firm to find customers, design products, improve administration, communicate effectively, and access new technology. The main constraints faced by SMEs in Mozambique include (i) lack of access to financial services (ii) lack of internal capacity and strong competition (iii) lack of skilled labour (iv) lack of access to market opportunities (v) limited capacity to develop new products (vi) lack of market information (vii) low quality of products/services (viii) weak networks and connections with large companies (ix) poor business and financial management skills (x) lack of safety, health and environmental management.

For the Mozambican SMEs to be able to play a meaningful role in creating jobs in the economy, integrate into national, regional and continental value chains and contribute a larger share into the country's GDP, they need to be nurtured and supported both technically and financially to build their internal capacities, standardize and diversify their product mix, boost competitiveness and establish linkages with larger businesses.



2. Objective(s) of the Assignment

The main objective of this consultancy is to foster linkages of agro-processing/agribusiness SMEs with larger companies to attain growth through increased productive capacities and building the necessary capabilities to produce products that meet quality standards and take advantage of the national, regional and continental free trade area.

3. Scope of Services, Tasks (Components) and Expected Deliverables

The consultancy shall be implemented over a period of twenty-four (24) months, and has three (3) components, namely:

Component 1: Improving SMEs Competitiveness and participation in Regional and Continental Trade

The activities to be undertaken under this component include: (i) capacity building on transboundary trade in agribusiness / agro-processed foods and products for 200 SMEs (ii) Training of 200 SMEs on trading under the Continental Free Trade Area (AfCFTA) – knowledge of the rules and required documentation and foster linkage development between agro-processing/agribusiness SMEs with larger companies, and (iii) Information sharing with 200 SMEs on International Standards Organization (ISO) Certification requirements and procedures.

Component 2: Feasibility Studies and Assessment for improving SME Business Environment

The activities to be undertaken under this component comprise: (i) conducting a feasibility study on the establishment of a development and sustainability fund for agro-processing/agribusiness SMEs, (ii) study on the status, practices, challenges, and opportunities of agri-food e-trade in Mozambique; the study will particularly focus on young agri-entrepreneurs and SMEs and will also include an assessment of their e-trade readiness, (iii) conducting an assessment of existing quality infrastructure and management for SMEs product calibration and certification, including barcoding, and (iv) Conducting an assessment for a National Coordination Partnership / platform ecosystem opportunity that would provide future financial and non-financial support to agribusiness SMEs.

Component 3: Institutional and Capacity Building of SMEs for Growth

Under this component, the activities entail: (i) Capacity building of 200 SMEs on packaging and labelling of agro-processed products for marketing, (ii) Entrepreneurship Skills Development on ICT and Digital Technologies for E-Commerce in Agri-food Products for 200 SMEs, (iii) Development of entrepreneurship skills in Information and Communication Technologies (ICTs) and digital technologies for e-commerce in agri-food products for 200 SMEs, (iv) Pilot Digital



Transformation Grants for Competitively 12 Selected Youth Agribusinesses/SMEs (50% Women-led), Leveraging on the Capacity Building Activities, (v) Strengthening of the National Network of Youth Agribusinesses/SMEs (Support for Meetings, Networking)

3.1. Expected Impact

The consultancy should be able to

- Provide business tools for Job creation for the youth, women and rural populations of Mozambique through increased SME activities;
- To help Wealth creation and improved revenue generation for SMEs;
- Improved access to regional and continental markets through compliance and standardized products:
- Higher contribution of agro-processing and agribusiness SMEs to Mozambique's GDP;
- Great access to agro-processing technology for efficiency and improved productive capacities;
- Production and marketing of standardized and certified products;
- Improve capacity and entrepreneurship culture in managing SMEs;
- Improve access to regional and continental markets.

3.2. Expected Outcomes

We expected that the consultancy deliver the following expected outcomes:

- Number of agro-processing SMEs (including women led-SMEs) participating in regional and continental value chains increased;
- Increased number of agro-processing SMEs participating in regional and continental trade through the AfCFTA;
- Agro-processing SME contribution to Mozambique's GDP increased;
- Number of Agro-processing SMEs producing, and marketing standardized products increased
- Increased productivity dramatically by cutting waste, implementing quality controls, and maximizing processing times with the availability of modernized processing equipment;
- Enhanced capacity of youth agribusinesses and SMEs to use digital tools to become more resilient and grow their business;
- Modalities on the establishment of SME development and sustainability fund produced and understood;
- Understanding of quality infrastructure for standardization of agri-food and agro-processing products is improved;

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