



CONFEDERATION OF ECONOMIC ASSOCIATION OF MOZAMBIQUE (CTA)

Design and Implementation Strategy and Plan for Strengthening of the National Network of Youth Agribusinesses/SMEs (Support for Meetings, Networking)

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TABLE OF CONTENTS

LIST OF TECHNICAL TERMS	3
LIST OF TABLES	3
LIST OF FIGURES	3
LIST OF CHARTS	3
LIST OF ACRONYMS	IV
1 EXECUTIVE SUMMARY	5
2 INTRODUCTION	7
2.1 Objectives and Scope of the Study.....	8
2.2 Limitations.....	8
2.3 Methodology.....	9
3 CURRENT SITUATION ANALYSIS	10
3.1 Agriculture in Mozambique.....	10
3.2 Characterization of Agribusinesses/SMEs.....	13
3.2.1 Legal Framework Guiding for SMEs	16
3.2.2 Key Actors Of Coordination With SMEs And Programmes Carried Out.....	19
3.2.3 Networking SMEs.....	24
3.3 Benchmark Analysis	27
4 KEY FINDINGS	32
4.1 Framework Of Problems	32
4.2 Constraints and Opportunities for Improvement of The National Network Of Youth Agribusinesses/SMEs.....	33
5 FUTURE VISION FOR THE CREATION OF A NATIONAL NETWORK OF YOUTH AGRIBUSINESSES/SMES	35
5.1 Strategic guidelines of the National Network of Agribusiness Youth SMEs.....	36
5.2 Strategic objectives	37
5.3 Strategic Pillars.....	37
5.4 Action plan	38
5.4.1 Network Institutional Development	38
5.4.2 Promotion of strategic partnerships for the development of the National Network.....	40
5.4.3 Sustainability of the National Network.....	40
5.4.4 Strengthening relations with the main stakeholders of the National Network.....	42

6	STUDY RESULTS	44
7	REFERENCES.....	45
8	APPENDICES.....	46

List of Technical Terms

List of Tables

Table 1: Agricultural Production	11
Table 2: Households Operating in Farms	11
Table 3: Classification of SMEs.....	14
Table 4: Numbers of SMES by Sectors	15
Table 5: Guiding Documents for SMEs	16
Table 6: Attributions and programmes/actions	19
Table 7: Main Findings and Opportunities for Improvement	Error! Bookmark not defined.

List of Figures

Figure 1: Methodology Approach	9
Figure 2: Main Key Actors Of Coordination With SMEs	19
Figure 3: Main dimensions on which the networks are structured	25
Figure 4: Framework for the formation of a network of SMEs.....	35
Figure 5: Strategic Pillars	38

List of Charts

Chart 1: Population by Age	7
Chart 2: Evolution of MSMEs	14
Chart 3: Economic Impact of MSMEs	14
Chart 4: Volume of Business of MSMEs.....	15

List of Acronyms

CTA

CEPAGRI	Agriculture Promotion Centre
DPASA	Provincial Directorate of Agriculture and Food Security
IIAM	Agriculture Research Institute
IPEME	The Institute for the Promotion of Small and Medium Enterprises
MIC	Ministry of Industry and Commerce
PEDSA	Strategic Plan for the Development of the Agrarian Sector
PES	Economic and Social Plan
PITTA	Integrated program for agricultural technology transfers
PQG	Government's Five-Year Program
POPA	Operational program for food production
SDAE	District Services for Economic Activities

1 Executive Summary

The present document aims to define the strategy for the creation of a National Network of Young Agribusiness SMEs in order to respond to the constraints faced by SMEs in the country, which generically are:

- 1) Lack of access to financial services
- 2) Lack of internal capacity and strong competition
- 3) Lack of skilled labour
- 4) Lack of access to market opportunities
- 5) Limited capacity to develop new products
- 6) High tax burden and cost of procedures
- 7) Lack of market information and access
- 8) Low quality of products/services
- 9) Weak networks and connections with large companies, among others.

In order to mitigate the constraints mentioned above, the creation of the National Network for Young Agribusinesses, since the networks bring extremely positive impacts for SMEs, especially the economic, behavioural and learning benefits. To this purpose, the report is structured in 8 (eight) chapters, as follows

Chapter 2 where we present the objectives and scope of the study that aims essentially at the design of the strategic plan and implementation for the creation of the National Network for Youth SMEs in Agribusiness, as well as some limitations faced during the process of elaboration of the respective document and finally the steps followed to materialize the object of the study.

In Chapter 3 we summarise the review of the vast existing literature where we present the analysis of the current situation of agribusiness for small and medium enterprises. Looking in a generic way at the country's agricultural potential, the characterisation of SMEs in agribusiness and finally the comparative study of some countries that have business networks for SMEs in agribusiness, both generic business networks that have a common objective outlined for their achievement.

The Chapter 4 presents the main barriers and constraints faced by SMEs and the opportunities for improvement that can be undertaken to improve the performance of SMEs, based on the literature review and consultations carried out.

Chapter 5 contains the Future Vision for the Creation of a National Network of Young Agribusiness/SMEs, where the strategic guidelines were defined through the definition of the Mission, Mission and Values that the National Network should follow. Four strategic pillars were defined in this path, namely:

- Pillar 1 Network Institutional Development - for this pillar the institutional and regulatory aspects will be defined, including the creation of human, material and financial resources that favour the elaboration of entrepreneurial projects and the development of SMEs to improve competitiveness.
- Pillar 2 Promotion of strategic partnerships for the development of the National Network - to materialise the objectives of the creation of the National Network, it is necessary to create synergies with different partners that add value to the network, in terms of financial and non-financial resources, as well as partnerships that transfer the best production practices to the SMEs.
- Pillar 3 Sustainability of the National Network - the creation of sources of revenue is an essential aspect for the self-support of the network, which must adopt mechanisms that allow it to generate revenue to meet the administrative and financial costs of maintaining the network.
- Pillar 4 Strengthening relations with the main stakeholders of the National Network - In this pillar are defined the aspects related to the materialization of the objective of the creation of the network, which is the creation

of mechanisms of exchange of information, experience, capitation of opportunities of access to financing and clients.

We have defined the action plan for the materialisation of each strategic pillar, as well as the indication of the implementation period for the actions defined.

Finally, in the last chapter, the results of the study are presented, resulting from the analysis of the internal and external situation of SMEs in the country, a comparative study of countries that have business networks, and the relevance of a specific network for young agribusiness SMEs is verified, since the existing ones in the country have a generic scope. The coordination networks add value to the companies in the following way:

- 1) The economic impacts are derived from activities such as the participation and commercialisation of products in fairs, improvement of productive processes, price negotiation with the client, access to new representatives, guarantee of credit supply, commercialisation of products between companies and obtaining economies of scale.
- 2) The behavioural impact is observed in the existence of collective spirit among entrepreneurs, which is fundamental for the existence of cooperation.
- 3) And lastly, the learning impact results from the strong interaction between companies and the access to courses and lectures on business development.

2 Introduction

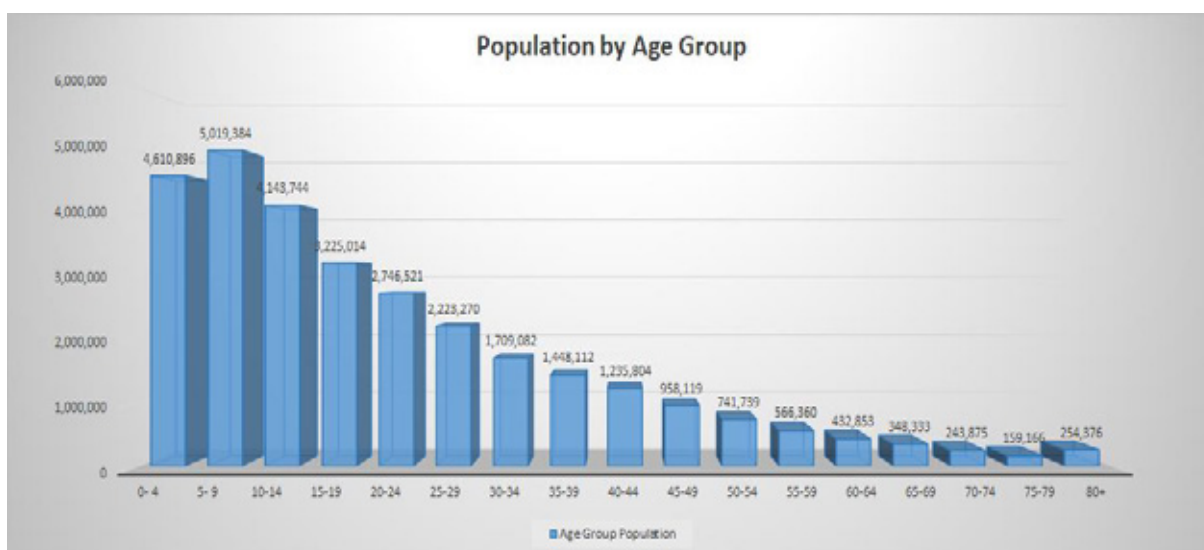
Global population is expected to increase from 7 billion to 9 billion by 2050, with youth (aged 15-24) accounting for about 14% of this total (ILO, 2014). With the rapidly rising population, there is an equal increase in demand for food hence worsening the global food insecurity especially in developing countries. As a result, food insecurity has been anchored within the Post-2015 Sustainable Development Goals, that is, Goal 1 - Ending poverty in all its forms and Goal 2 - Ending hunger to achieve food and nutrition security and promote sustainable agriculture (SDG, 2030). Globally, agriculture accounts for 32% of total employment, (ILO, 2014). It is important to focus on the young people as the future of addressing food insecurity even as global youth population increases.

The global youth population growth does not seem to be commensurate with the available employment and entrepreneurial opportunities for youth, particularly those living in developing countries. The employment opportunities remain limited, poorly remunerated and of poor quality (Youth and Agriculture: Key challenges and concrete solutions, FAO, CTA & IFAD, 2014).

The Youth Division of the Africa Union Commission indicates that about 65% of the total population of Africa is below the age of 35. About 10 million youth enter the labour market annually. Youth unemployment rate in Sub-Saharan Africa’s was 11.8% in 2012 and was projected to drop to 11.7% in the years to come. While agriculture plays a vital role in Africa’s economic growth and social improvement contributing the highest percentage of the workforce population (about 65%, and about 30% of GDP in most African Countries), the current trend of youth participation in the sector is on the decline (Africa Agriculture Status Report, 2015). This is largely contributed to strength of various push and pull factors based on the global economic trends that has favoured non-agricultural sector than the agricultural sector hence labour shift out of agriculture. Both unemployment and underemployment within this group are among the most important challenges facing a continent where about 60% of jobs are found in the agricultural sector. Given this situation, engaging youth in agribusiness is evidently an essential strategy to create employment and increase wealth for citizens in Africa.

Mozambique has a total population of 30,832,244, of which 5,019,384 are in the 5 to 9 age group, as illustrated in the graphs below:

Chart 1: Population by Age



Source: National Institute of Statistics

The youth population is represented by a total of 33% with an age range of 18 to 35 years.

Mozambique's Unemployment Rate data was recorded at 24.5% in 2017. This is a reduction of 0.5% compared to 2016¹.

2.1 Objectives and Scope of the Study

The general and specific objectives of the study are as follows:

The overall objective of the assignment is to ensure that Youth Agribusinesses SMEs/entrepreneurs benefit from strategic direction directed to their initiatives, leveraging for existing knowledge and experiences across the country, helping to foster their rapid growth on the business and access to regional and continental markets.

The consultancy is expected to meet, among others, the following specific objectives:

- Assess the Youth Agribusinesses SMEs willingness to create a National Network;
- Define strategic guidelines and options for development of National Network of Youth Agribusinesses SMEs;
- Ensure buy-in of the strategic guidelines and options for development of National Network by all relevant stakeholders;
- Prepare a strategy for development of National Network of Youth Agribusinesses SMEs and action plan for implementation, including, high-level needs in human capital, material a financial resources requirement and funding alternatives.

The assessment must provide insights into the feasibility of the creation national platform and a high-level implementation roadmap. The scope should cover, among others, the following activities:

- Diagnosis of the sector, trends and challenges ahead
- Benchmark analysis on similar or related ecosystems on national or continental levels
- Definition of strategic goals, desired outcomes
- Evaluate the options in terms of the (i) organization and governance; (ii) participating entities; (iii) coordination mechanisms

2.2 Limitations

While the work, several constraints were faced. The main limitations encountered and the respective mitigation measures to guarantee access to information with the desired quality are presented below:

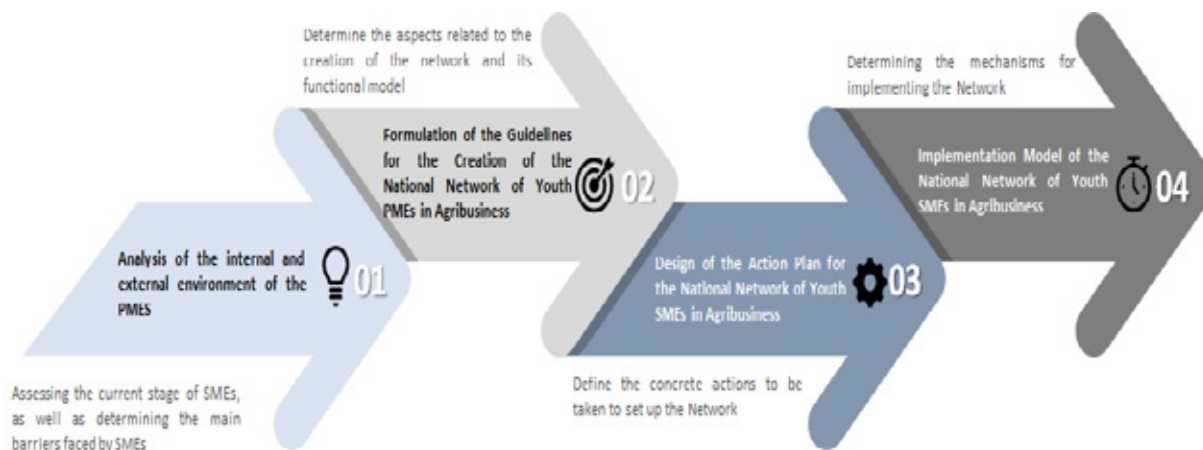
Limitations	Mitigation Actions
Non-existence of a specific database for youth SMEs in agribusiness	The information contained in the report is based on the characterization Of SMEs as classified by the SMEs Strategy
Difficulty in accessing data to up-to-date statistical data for the last 5 years	Use of statistics of the existing years We continue our efforts to obtain updated data for the last 5 years
Difficulties to have interviews with youth associations in Mozambique	We continue to make efforts to schedule interviews before submission of the final version

¹ https://www.indexmundi.com/pt/mocambique/taxa_de_desemprego.html

2.3 Methodology

The methodology applied for the Design of the Strategy and Action Plan for the Creation of a National Network of Agribusiness Youth SMEs is structured in 04 (four) Stages, as illustrated in the figure below:

Figure 1: Methodology Approach



- 1) For the diagnosis of the current situation of SMEs in the country, as well as the functionality of the business network, a review of existing literature was carried out, as well as consultation with different key stakeholders, namely: CTA, FENAGRI, Mozambican Association of Banks, IPEME, SBN Moz, among others, which allowed obtaining subsidies on the main constraints faced by SMEs. Also, in this section a study of good practices in countries that have business networks was carried out in order to understand the functioning and the added value that these cooperation networks provide to their beneficiaries.
- 2) After analysing the internal and external environment of the SMEs, the strategic guidelines of the future National Network of Young Agribusiness SMEs were defined, through the definition of the mission, vision and values that the network should be guided by, thus allowing a quick and efficient exchange of know-how, market and capacity building opportunities as well as the exchange of knowledge and important information, in order to cover the gaps that currently exist in this sector

This methodological approach allowed the survey of the main positive aspects, challenges and opportunities that will direct the creation of a National Network of SMES, through a participative process involving the main actors and create bases for the definition of an action plan that will allow a future vision of the functioning of the network.

3 Current Situation Analysis

In this chapter we summarise the review of the vast existing literature where we present the analysis of the current situation of agribusiness for small and medium enterprises. Looking in a generic way at the country's agricultural potential, the characterisation of SMEs in agribusiness and finally the comparative study of some countries that have business networks for SMEs in agribusiness, both generic business networks that have a common objective outlined for their achievement.

3.1 Agriculture in Mozambique

Mozambique has a high agricultural potential, with an estimated arable area of about 36 million hectares, of which only 10% is currently in use. The vast diversity of soil types and climatic conditions existing in the country make a wide variety of crops possible. Most of the agriculture practiced in the country is non-irrigated. However, Mozambique's network of more than 60 rivers has allowed the construction of small irrigation schemes. The total potential irrigable area is 3.3 million hectares (Agribusiness Project, 2014). In this sense, Mozambique with the conditions it has ends up being an attractive country for foreign investment, which is why today there are several countries envisaging investing in the Mozambican agrarian sector. Thus, the agribusiness sector in Mozambique has experienced times of high growth and high levels of investment. However, there is still a long way to go, not only because of the size of the territory, but also because of the richness of its land and because this sector is seen as vital for the development of the Mozambican economy. According to Paiva (2013), in 2012, the world reached the seven billion mark.

In Mozambique, Agriculture is the source of livelihood means for estimates 70% of the population living in rural areas², The highest poverty rates are also concentrated in this area, and the main activity is agriculture, which contributes about 24% of the Gross Domestic Product (GDP). Agriculture practiced on a small scale represents the majority, at about 99%, with emphasis on rudimentary production practices, poor use of modern inputs, machinery and low access to credit.

The agricultural sector is still dominated by the family subsector, which represents about 90% of the cultivated area. This subsector is heavily dependent on rudimentary techniques and crops where irrigation depends exclusively on rainfall, thus resulting in low yields. The remaining arable area is cultivated by large commercial farms engaged exclusively in commercial and export crops.

Some large farms have been revitalised through foreign investment and through joint-venture companies, particularly in the cotton sector (although many companies are promoting auto grower schemes involving small farmers). Therefore, it should be noted that new high value-added agricultural sectors are emerging in Mozambique.

The agricultural country has over 70 % of the population dependent on agriculture for their livelihoods in 2019³. Agriculture is also the second largest contributor to the national GDP after the service industry. In 2019, it accounted for 24 % of GDP ⁴. Overall, there has been a decline in the agricultural labour force from 82% in 2000 to 70% in 2019, but the percentage is still significantly high. The agricultural sector is also made up of women who represent most of the workforce. In 2019, the sector employed 80% of the female workforce.

² INE population census, 2017

³ Employment in Agriculture (% of Total Employment) (Modeled ILO Estimate) - Mozambique | Data', accessed 27 May 2021, <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=MZ>

⁴ Mozambique - GDP Distribution across Economic Sectors 2009-2019', Statista, accessed 27 May 2021, <https://www.statista.com/statistics/507266/mozambique-gdp-distribution-across-economic-sectors/>

In terms of agricultural production according to the MADER 2020 Agricultural Survey, crops such as Cassava and Maize account for 62% of the production volume as illustrated in the table below:

Table 1: Agricultural Production

Crop	Production (t)	%	Crop	Production (t)	%
Maize	1,632,321	13%	Non Orange-Fleshed Sweet Potato	303,246	2%
Rice in Husk	175,322	1%	Cotton	31,574	0.3%
Mapira	142,002	1%	Sunflower	4,257	0.03%
Mexeira	22,099	0.2%	Sesame	125,038	1%
Peanut Big	26,929	0.2%	Soybean	51,759	0.4%
Small Groundnut	76,029	0.6%	Ginger	-	0
Butter Beans	65,896	1%	Tobacco	80,897	0.7%
Nhemba Beans	83,450	1%	Sugar Cane	2,737,556	22%
Jugo Beans	16,526	0.1%	Banana	258,599	2%
Boer Beans	160,000	1%	Macadamia	2,335	0.02%
Green Beans	-	0	Cashew	143,399	1%
Oloko Beans	26,172	0.2%	Papaya	6,380	0.05%
Other Beans	15,020	0.1%	Avocado	2,848	0.02%
Rhine Potato	-	0	Lichi	474	0.00%
Cassava	6,025,663	49%	Tea Leaf	4,876	0.04%
Orange Sweet Potato	145,387	1%	Sisal	3,270	0.03%

Source: Agrarian Survey of MADER 2020

Family farming is the foundation of Mozambican agricultural activity, and this is a historical trend. Currently, the traditional sector concentrates about 99% of small farms and occupies more than 95% of the cultivated area.

Table 2: Households Operating in Farms

Province	Percentage of Households headed by Men	Average Age of Household Head	Percentage of households whose head has an agricultural background
Niassa	64.7	39.9	1.4
Cabo Delgado	59.4	39.4	2.6
Nampula	70.8	40.3	3.0
Zambézia	60.5	39.0	1.6
Tete	71.7	41.1	2.2
Manica	73.1	44.9	2.3
Sofala	66.5	43.0	3.7
Inhambane	64.5	49.8	1.8
Gaza	57.8	48.3	1.0
Maputo Província	61.9	46.6	1.1
Nacional	65.5	42.1	1.1

Source: Agrarian Survey of MADER 2020

In terms of average age of the households operating on family farms is 39 years old and above, which represents that the agricultural labour force is not composed of young people.

Agri-business is an area of activity that lies between agriculture proper and commerce. It encompasses post-harvest activities, i.e., processing, preservation before and after processing, transport and handling. Not excluded is the activity of supplying indispensable inputs for the development of agrarian activity. This area is fundamental for increasing the added value of agricultural products.

The agribusiness production chain can be defined as all the processes that occur from the basic inputs to the transformation into the final product. In other words, it involves all the stages that the input undergoes until it becomes a product. These steps, or operations, are interconnected as a chain that has a commercial purpose.

The primary agricultural sector is composed of 3 types of producers: small, medium and large⁵, which represent respectively 4,167,702 small producers (97.8%), 93,183 medium producers (2.19%) and 873 large producers (less than 1%).

Agriculture and agro-processing offer great potential, as Mozambique has excellent agro-climatic conditions with only 15 % of arable land is being utilized. This presents an opportunity for the development of SMEs in agro-processing and agribusiness in the country. Agriculture sector accounts more than 28% of the GDP and is the largest contributor to employment (42%). However, Agribusiness is a sector that holds enormous 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.

To overcome this challenge faced by small farmers, the Government of Mozambique, within its intervention policies and strategies, has been carrying out various actions aimed at improving their conditions. One of the Government's initiatives relates to encouraging the organisation of people into associations, as one of the ways of: (i) facilitating technical and financial assistance in a more comprehensive way; (ii) improving access to various services and their participation in the process of economic and social development at local level; (iii) maintaining the cohesion and social balance of communities as well as the social integration of its members. The aim of these associations is to enable their members to reap various benefits, such as extension services, input and cash credit for production and marketing, training and coaching, among others

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 modern technology.

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.

The sector of micro, small and medium enterprises (MSMEs) is an important contribution and an indispensable segment for economic and social development. In many countries, over the past decades, the sector has been the main engine of growth, forms networks and value chains with large companies and is seen as a driver of employment, production and exports. In developing countries, these companies are also seen as an important tool for poverty eradication.

The processes of globalisation and informatisation of the economy provide a better opportunity for the growth of the economy in developing countries. But despite the growth, new challenges also appear, such as:

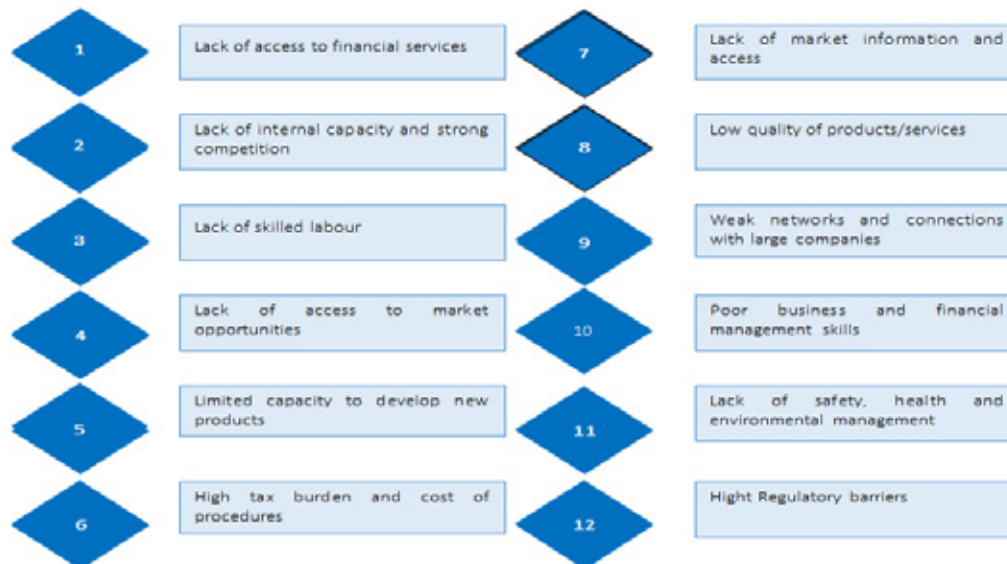
- The unequal distribution of income and wealth;
- Poverty;
- The basic conditions of social security;
- Climate change; and

⁵ Small farms were defined as entities with less than 10 ha of non-irrigated land; less than 5 ha of irrigated land; less than 5 head of cattle; less than 50 goats/sheep/pigs; less than 5,000 chickens and less than 150 commercially productive trees. Medium holdings were defined as having 10-50 ha of non-irrigated land; 5-10 ha of irrigated land; 5-10 head of cattle; 50-500 goats/sheep/pigs; 5,000-2,000 chickens and 150-2,000 commercially productive trees. Large farms were defined as having anything larger than an average farm

- Unemployment in large sectors of the population.

It is therefore necessary to consolidate economic reforms in line with the issue of social equity and inclusion (Piketty 2014) and thus MSME prosperity.

For Mozambique to achieve its social and economic goals, the MSME sector - in addition to the mega projects - must become a major contributor to the country's economy. Over the past decade, increasing attention has been paid to the sector, culminating in the MSME Statute (define the criteria for their classification, promotion and fostering) and the first five-year strategic plan drafted in 2007. The main constraints faced by Young SMEs in Mozambique, among others are include:



These constraints have a direct impact on the performance of SMEs in the country.

3.2 Characterization of SMEs Agribusinesses/SMEs

Small, Medium Enterprises (SMEs), are the centre of a country's development as they contribute to job creation, stimulate and provide products, thus increasing the competitiveness of the economy. SMEs play a vital role in the national economy. The importance of SMEs to a nation's economy has four dimensions:

SMEs generate employment. If a large firm and a small firm produce the same item at the same value, the large firm has the characteristic of being capital intensive while the small firm is labour intensive. This implies that SMEs offer greater employment opportunities to a country's workforce, unlike large enterprises.

SMEs are crucial to a country's competitiveness. They encourage competition and production and inspire innovations and entrepreneurship. SMEs are inherently market-driven, seeking to capture the business opportunities created by market demand. The relatively lower barrier to entry to markets and the agile nature of the decision-making structure encourages competition which, in turn, promotes SME competitiveness. Strong and competitive SMEs become strong and competitive large enterprises, which can be translated into national competitiveness.

SMEs diversify activities, stimulate innovation and creativity. SMEs diversify economic activities by offering products and services that the market demands at a given moment, thus making available new lines of products and services that have not yet been introduced in the market. In this way SMEs stimulate innovation and creativity.

SMEs mobilise social and economic resources. SMEs are the social actors that mobilise national social and economic resources that have not yet been tapped. Hence the key role played by SMEs in the socio-economic development of countries.

Therefore, to achieve the objective of poverty alleviation, it is paramount to develop the productive and competitive SME sector that will generate jobs, as well as goods and services, ultimately contributing to the reduction of the poverty level faced by the country.

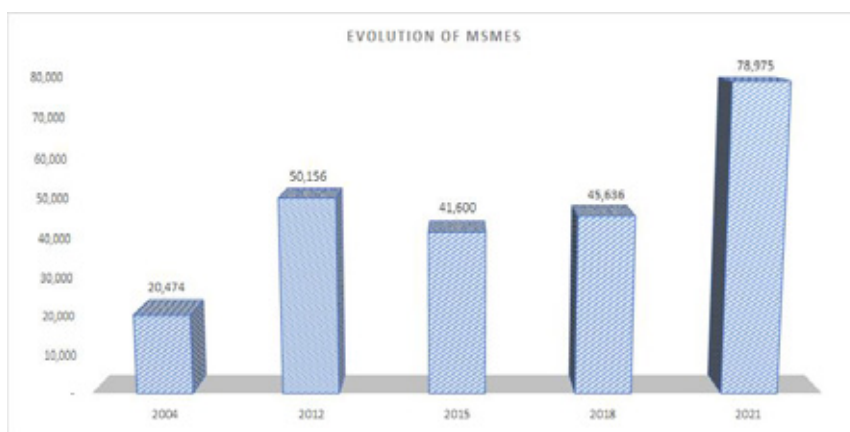
According to Mozambique's Micro, Small and Medium Enterprises Statute (Decree No. 44/2011 of 21 September), SMEs are classified on two fundamental criteria which are: volume of business and number of employees. The table below illustrates the classification of SMEs according to the fundamental criteria:

Table 3: Classification of SMEs

Classification	Number of Employees	Volume of Business (MTn)
Micro Enterprise	1 - 4	Up to 1,200,000.00
Small Enterprise	5 - 49	1,200,000.00 ≤ 14,700,000.00
Medium Enterprise	50 - 99	14,700,000.00 ≤ 29,970,000.00

Regarding the evolution of SMEs, there has been a significant growth in the number of companies in the country, as shown in the following chart:

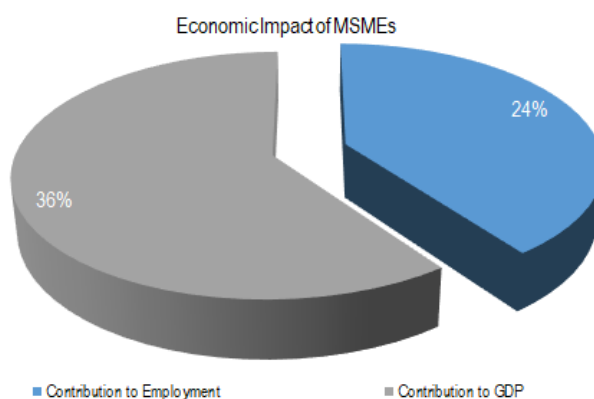
Chart 2: Evolution of MSMEs



Fonte: IPEME

In terms of the impacts of SMES, they contribute around 24% to job creation and 36% to GDP.

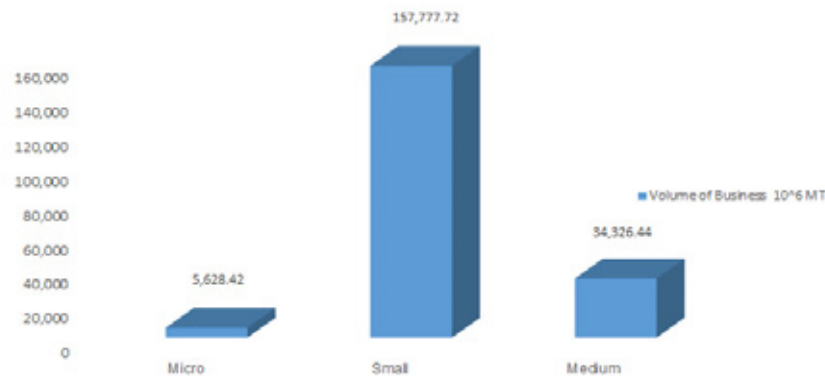
Chart 3: Economic Impact of MSMEs



Fonte: IPEME

SMEs have as turnover, with small companies having 80% of the total volume (in billions), as illustrated in the following graph:

Chart 4: Volume of Business of MSMEs



Fonte: INE 2017

The largest number of companies is concentrated in the wholesale and retail trade sector and in some services such as the repair of motor vehicles and motorbikes, in which 60% of the total number of SMEs operate, followed by services with 28%, manufacturing with 7% and agriculture and fishing is the sector with the smallest representation in terms of number of companies and turnover, with only 1% compared to other sectors, as illustrated in the following table:

Table 4: Numbers of SMES by Sectors

Sector CAE	Nº of SMEs	%	Sector CAE	Nº of SMEs	%
Agriculture, Animal Production, Hunting and Fishing	434	0.9%	Information and communication	653	1.3%
Extractive Industries	165	0.3%	Financial and insurance activities	479	1.0%
Manufacturing Industries	3,275	6.6%	Real estate activities	260	0.5%
Electricity, Gas, Steam, Hot and Cold Air	168	0.3%	Consulting, scientific and technical activities	2,518	5.1%
Collection, Treatment and Distribution Water Supply, Sanitation, Waste Management and Depollution	183	0.4%	Administrative and support service activities	943	1.9%
Construction	1,888	3.8%	Education	640	1.3%
Wholesale and retail trade; Repair motor vehicles and motorbikes	30,004	60.3%	Human health activities and social work activities	224	0.5%
Transports and Warehousing	1,212	2.4%	Artistic, entertainment, sports and recreation	98	0.2%
Accommodation, restaurants and similar services	4,700	9.5%	Other service activities	1,890	3.8%
Total of SMEs				49,734	100%

Fonte: INE 2017

It is verified that only 434 MSMEs less than 1% operate in the agriculture sector, and there is an urgent need to create policies to attract young people to be integrated in this area.

3.2.1 Legal Framework Guiding SMEs

Several measures were established by the Government in recognition of the importance of SMEs for national development, as well as several normative documents were developed to boost and dynamize SMEs in the country, as presented below:

Table 5: Guiding Documents for SMEs

Instruments	Description
Policy Guidelines	
Five-year Government Programme 2020-2024 (PQG)	The PQG focuses on (iv) boosting the productivity of the economy (vi) job creation and (vii) promoting entrepreneurship and technological innovation. For this reason, one of the three priorities of the PQG is to "boost economic growth, productivity and job creation"
PARPA II	The Poverty Reduction Action Plan (PARP) 2011-2014 is the medium-term strategy of the Government of Mozambique that operationalises the Five-Year Government Programme (2010-2014) focusing on the objective of combating poverty and promoting a work culture, with a view to achieving inclusive economic growth and reducing poverty and vulnerability in the country
Strategic Plan for The Development Of The Agricultural Sector II (PEDSA II 2022-2031)	<p>PEDSA is a plan that falls within the instruments established by the National Planning System, with a medium/long term vision, based on the national guidelines established for agriculture and on the priorities of the common guiding framework of African countries to improve the performance of the agricultural sector - the Integrated Programme for the Development of Agriculture in Africa (CAADP).</p> <p>PEDSA II will promote the accelerated transformation of the agricultural sector through its rapid, competitive, inclusive, and sustainable growth, ensuring greater inclusive engagement of the private sector, and contributing to the improvement of FNS, job creation, strengthening resilience and adaptation. shocks and disasters and poverty reduction.</p> <p>The objective of the accelerated and sustainable transformation of the agricultural sector is based on four (4) interconnected strategic pillars, namely:</p> <ul style="list-style-type: none"> ▪ Pillar 1 Agricultural production, productivity and competitiveness; ▪ Pillar 2 Sustainable management of natural resources; ▪ Pillar 3 Agribusiness environment and ▪ Pillar 4 Institutional strengthening and development
National Investment Plan for the Agricultural Sector - PNISA	PNISA reaffirms the vision of the agricultural sector set out in PEDSA, of developing "a prosperous, competitive, equitable and sustainable agricultural sector" whose objectives are "...contributing to food security; increasing the income and profitability of agricultural producers; and increasing market-oriented agricultural production in a rapid, competitive and sustainable manner". The specific objectives are to: (a) accelerate the production of basic food products (b) guarantee incomes for producers, (c) ensure access and secure tenure of the necessary natural resources, (d) provide specialized services oriented to the development of the value chain, and (e) boost the development of areas with greater agricultural and commercial potential. The approach envisages the establishment of public-private partnerships and provision of subsidies for technology packages, mechanization, electricity around food production as part of the incentives for private sector involvement.
Rural Finance Strategy (RFS)	Rural Finance Strategy (EFRs) has the fundamental objective of promoting financial intermediation, in an efficient and sustainable manner, in rural areas and ensuring access to financial services in a more inclusive manner, with a view to expanding rural markets (inputs and outputs) and integrating the rural economy into the national economy. To this end, the creation and strengthening of the capacity of local (financial and non-financial) structures and institutions/organisations plays a pivotal role. In order to reverse the prevailing situation in rural areas, so that agricultural value chains ³ and

Instruments	Description
Policy Guidelines	
	other economic areas and their operators, namely micro, small and medium enterprises (agricultural and others), individual family entrepreneurs and the poor (economically active), particularly women, also have access to financial services (savings, credit, micro-insurance and transfers)
Agribusiness Development Master Plan (2011 - 2020) - PDDA	<p>The PDDA aims to promote the development of agribusiness and thus contribute to the country's socio-economic development and to the fight against poverty. The PDDA has the following principles</p> <ul style="list-style-type: none"> ▪ Access to financing under appropriate conditions for agribusiness; ▪ Optimisation of existing infrastructures and the creation of other necessary infrastructures (roads and bridges, irrigation, hydraulic works, warehouses for conservation and storage of agricultural products, availability and access to the electricity grid under adequate conditions for agribusiness); ▪ Making access to land for agrarian production more flexible through simple mechanisms for the producer, particularly in clusters; ▪ Expanding the use of improved inputs (availability, quality and prices); ▪ Improved access to markets for agribusiness products; ▪ Development of quality certification through the joint action of the National Institute for Standardization and Quality (INNOQ) and the Ministry of Agriculture (DNSA, DNSV); ▪ Capacity building of CEPAGRI for agribusiness promotion, giving it a mandate and powers for this purpose ▪ Capacity building of the Mozambique Agricultural Research Institute (IIAM) and orienting its research activity towards the agribusiness priority products chain; ▪ Creation and capacity building of Agribusiness Centres (CAN) in the Clusters; and ▪ Capacity building of individual and collective producers.
SME Guidance Documents	
Strategy for the Development of MSMEs approved at the 22nd Ordinary Session of the Council of Ministers on 21st August 2007	The objective of this strategy is to create a solid base for the development and growth of SMEs. This will contribute to the Government's effort to alleviate poverty and achieve sustainable economic growth
Micro, Small and Medium Enterprises Statute	This statute establishes the general rules for the specific treatment applicable to Micro, Small and Medium Enterprises, hereinafter referred to as MSMEs, as well as the criteria for their classification, promotion and fostering
Regulations on Contracting Public Works Contracts, Supply of Goods and Provision of Services to the State, Decree No. 5/2016 of 8 March	Provides for the exclusive contracting of MSMEs in two contracting modalities Small Scale and Limited Tender
National Development Strategy 2015 - 2035	The National Development Strategy arises from the need to solve the problem of the proliferation of various strategic approaches and the limitation in the articulation between the instruments of economic and social management. And it defines as one of the main challenges for the development of the private sector the improvement of access to financing, the removal of administrative bureaucracy, the development of infrastructures to support production, capacity building and monitoring of the SMEs and market-oriented training
Simplified Licensing Regime for Economic Activities - Decree nº 05/2012 of 07 March	The Simplified Legal Regime of Licensing for the Exercise of Economic Activities has the objective of establishing the regime of the simplified license and of the certificate of mere prior notification of economic activities that, due to their nature, do not bring about negative impacts for the environment, public health, safety and for the economy in general. The following are areas of economic activities subject to simplified licensing: a) Agriculture; b) Commerce; c) Communications; d) Construction; e) Culture; f) Industry; g) Fishing; h) Service Provision; i) Tourism.

Instruments	Description
Policy Guidelines	
Simplified Tax for Small Contributors Decree No. 14/2009 of 14 April	<p>This regulation establishes the form and procedures for taxation of the Simplified Tax for Small Contributors, abbreviated as ISPC, with the aim of broadening the tax base and ensuring micro and small businessmen's adherence to the tax system and applies to natural or legal persons who carry out, on national territory, agricultural, industrial or commercial activities, such as agricultural marketing, itinerant trade, general wholesale, retail and mixed trade, and rural trade, including in stalls, huts, kiosks, canteens, shops and tents, as well as manufacturing industry and provision of services, including exporters and importers, of small dimension</p>
Gender Policy and Strategy of its implementation, V Session of the CM of 14/03/2006	<p>The instrument establishes guidelines to enable decision making and identification of actions for the elevation of women's status and gender equality. This Policy addresses the need to ensure adequate, sustainable and predictable financial and human resources to ensure dissemination, coordination, capacity building and guidance to the sectors, which are necessary for its fulfilment</p>
National Council for the Advancement of Women, Decree No. 7/2004	<p>This Plan aims to reinforce the promotion of Gender Equality in all spheres of the country's development, adopting a transversal approach to the gender dimension and becoming an instrument of intersectorial coordination to ensure the Empowerment of Women and Gender Equality. With the implementation of the plan progress has been achieved, of which the following should be highlighted:</p> <ul style="list-style-type: none"> ▪ 171,231 jobs created for women and 167,854 trained in small business management and other areas in Public and Private Professional Training Centres

3.2.2 Key Actors Of Coordination With SMEs And Programmes Carried Out

SMEs have several key actors who develop various actions to help boost their performance, as well as minimize the barriers they face. Here are the main institutions that coordinate and develop programs/actions for the growth of SMEs:

Figure 2: Main Key Actors Of Coordination With SMEs



The main attributions and programmes/actions carried out to boost:

Table 6: Attributions and programmes/actions

Institution	Attributions	Main Programmes/Actions supported
Institute for Small and Medium-sized Enterprises (IPEME)	<p>The IPEME was created by Decree 47/2008 of 3 December, with the objective of developing promotion and support actions for Micro, Small and Medium Enterprises (MSMEs) managed by men and women. Its main attributions are:</p> <ul style="list-style-type: none"> Foster the creation, development and modernization of SMEs; Create the capacity of SME's business management; Promote and create business incubators; Facilitate the access to financing, through protocols established with Banks; Promote agreements for the constitution of co-guarantee funds; Mobilize financial resources to support business development; Promote links between SMEs and between SMEs and large companies. 	<p>SME Support Services:</p> <ul style="list-style-type: none"> MSME Support Solutions; Market access services to SMEs; MSME Support Programmes; Access to financing services to MSMEs; Formalization. <p>Its main programmes are:</p> <p>MOZ YWEB (Start up Projects) - which is a Local Content Development project for MSMEs led by Young and Women in business. Having as objectives:</p> <ol style="list-style-type: none"> Provide technical assistance and support to entrepreneurs, SMEs, Youth and Women in business (start up); Develop and strengthen female youth entrepreneurship capable of generating income and employment, Provide technical and financial capacity to youth, women entrepreneurs in the local content process; Create opportunities for youth, women and MSMEs to be solution in local content.
Confederation of Mozambique Economic Associations (CTA)	Confederation of Mozambique Economic Associations, hereinafter referred to as CTA, is an	Improving SMEs Competitiveness and participation in Regional and Continental Trade:

Institution	Attributions	Main Programmes/Actions supported
	<p>association created in accordance with the principles of freedom of establishment, membership, organisation, internal democracy, independence and autonomy, established by the legal regime for economic associations, which is governed by these statutes and other applicable legislation. The CTA has as transversal areas the Women Entrepreneur and Entrepreneurship, subdivided into two sectors, namely: Women Entrepreneur Sector and Entrepreneurship and SME Sector. The portfolio is responsible for:</p> <ul style="list-style-type: none"> ▪ Lead the Public Private Dialogue on all matters related to the challenges of women entrepreneurs, SMEs and entrepreneurship; ▪ Promote debates and reflections on entrepreneurship, the challenges of women entrepreneurs and SMEs; ▪ Provide technical advice to other sectors' departments, CTA members and the business sector in general on issues related to gender, entrepreneurship and SMEs. 	<ul style="list-style-type: none"> ▪ Capacity building on transboundary trade in agribusiness / agro-processed foods and products for 200 SMEs; ▪ 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 ▪ Information sharing with 200 SMEs on International Standards Organization (ISO) Certification requirements and procedures. <p>Institutional and Capacity Building of SMEs for Growth</p> <p>Under this component, the activities entail:</p> <ul style="list-style-type: none"> ▪ Capacity building of 200 SMEs on packaging and labelling of agro-processed products for marketing;
<p>GAPI</p>	<p>Gapi-SI is a Development Finance Institution (DFI), registered with the Bank of Mozambique under the category of Investment Company (SI). Its objective is: the promotion of national entrepreneurship and financial inclusion through a combination of three services:</p> <ul style="list-style-type: none"> ▪ Financing; ▪ Business Consultancy and Capacity Building; ▪ Participation in the development of companies and institutions. <p>Having as priorities:</p> <p>GAPI's strategy for 2020-2024 prioritises interventions that contribute to:</p> <ul style="list-style-type: none"> ▪ Mobilize and apply resources in job-generating investments; ▪ Improve the competitiveness of strategic productive sectors for the harmonious development of rural communities; ▪ Strengthen initiatives focused on the promotion of food security and renewable energies; ▪ Stimulate the entrepreneurial potential of young people and women; ▪ Promote financial inclusion. 	<p>GAPI's main agribusiness SME support programmes are as follows:</p> <p>Agro-guarantee Fund - The Guarantees Fund is the result of a tripartite agreement between the Royal Embassy of Denmark, the Mozambican Ministry of Agriculture and GAPI, whose beneficiaries are the Agro-Business Value Chains (comprising production, conservation and storage, processing, transport and commercialisation of agricultural and plant products, with individual producers, Associations and Cooperatives, Micro, Small and Medium Enterprises as stakeholders).</p> <p>Agro-Empreender - This programme is designed to finance and support the creation and consolidation of Agri-business enterprises, including Young Entrepreneurs. Local financial intermediaries (micro-banks, rural cash offices and others) are also financed and supported to improve rural markets. All micro, small and medium-sized enterprises (MSMEs) inserted in the agri-business value chain are eligible, namely in the supply of inputs, production, conservation, storage, processing, transport and marketing of products of plant origin (except forests) and/or agro-livestock.</p> <p>Agro-Youth - Gapi SI and the Implementation Partners will jointly operationalize Agro-Youth, combining in this project consultancy, entrepreneurship training and seed capital financing, which includes:</p> <ul style="list-style-type: none"> ▪ The guidance (mentoring coaching) of applicants in the process of drafting and applying for business proposals;

Institution	Attributions	Main Programmes/Actions supported
		<ul style="list-style-type: none"> ▪ Financing of business proposals approved by the project's Selection Committee; ▪ Follow up and training and technical support (coaching) to young entrepreneurs financed by the Agro Jovem Fund. <p>PEMDH: Woman Entrepreneur - the empowerment of women is done through a Programme that aims to Potentiate Women's Entrepreneurial Skills (PPHEF) implemented by Gapi-SI, launched by the Mozambican Government, through the Ministry of Women and Social Action (MMAS) in partnership with Gapi itself and the African Development Bank (ADB).</p> <ul style="list-style-type: none"> ▪ Promote the emergence of a new female entrepreneurial class in the country; ▪ Capacity building and technical and financial assistance to both associations and companies of women entrepreneurs in associativism focused on agricultural production and processing; ▪ Provide financing for training activities and the acquisition of equipment and infrastructure
<p>Ministry of Agriculture and Rural Development - MADER</p>	<p>It is the central organ of the State apparatus which, in accordance with the principles, objectives and tasks defined by the Government, directs, plans and ensures the execution of Legislation and policies in the areas of agriculture, livestock, agricultural hydraulics, agro-forestry plantations, food security and the coordination of rural development. With the following competencies in the area of Agriculture:</p> <ul style="list-style-type: none"> ▪ Propose the approval of legislation, policies and strategies for agricultural development; ▪ To establish norms for the implementation of projects and programmes to promote agricultural activities; ▪ Promote agricultural value chains and stimulate commercial agriculture ▪ Promote the agro-industrialization of agricultural products ▪ Promote the competitiveness of agricultural products ▪ Promote and guarantee capacity building of producers ▪ To promote the creation and development of infrastructure and support services for agricultural activities ▪ To promote agricultural mechanization among producers; and ▪ To produce and systematize information and statistics on agriculture in the country. 	<p>Small Scale Irrigation Project:</p> <ul style="list-style-type: none"> ▪ To promote improved production and productivity of agricultural producers and financial inclusion and adoption of small-scale irrigation systems, creation of PCR schemes and links with financial institutions. The main actions include: <ul style="list-style-type: none"> ▪ Established and operationalised a producer group-based Savings and Loans Organisation in Magude district ▪ Assisted the creation of over 100 small-scale producer associations, their formalisation and financial and market linkages. ▪ Created more than 100 ASCA's and facilitated their access to financial services

Institution	Attributions	Main Programmes/Actions supported
Association of SMEs	<p>The Internal Regulation of the Ministry of Agriculture and Rural Development defines that one of the functions of the Department of Rural Productive Planning is to: Encourage the consolidation of agricultural associations, namely through an adequate legal regime and a national information system; Ensure the inclusion of gender and youth in the productive planning.</p> <p>In this path several initiatives of the Government as well as non-governmental organizations have been carried out to massify the associativism in different sectors, mainly in the agrarian sector, having as objectives the provision of technical assistance, market access</p>	
Mozambican Banking Association	<p>The Mozambican Banking Association (AMB) is a non-profit association, established in 1999 under Law 27/91 of 31 December and other applicable legislation. Nº1. Article 3, Chapter 1, AMB Statutes. Its specific objectives are</p> <ul style="list-style-type: none"> ▪ To represent and defend the interests of the members; ▪ To promote the defence of the members' rights; ▪ To elaborate studies and opinions on banking subjects; ▪ To collaborate with other business associations, national and foreign; <p>Having as members: GAPI, BNI, ACESS Bank, BCI, ABSA, Banco Mais, Moza Banco, Millenium BIM, Socremo, Letsego, among others.</p>	<p>The main lines of support are:</p> <ul style="list-style-type: none"> - Credit line of \$14.5 million to support small and medium enterprises (SMEs) affected by the crisis for equipment treasury. <p>It should be noted that each associate member has a credit line aimed at supporting SMEs.</p> <p>The programmes carried out by GAPI have already been mentioned above.</p> <p>The National Investment Bank has the FAE - Agriculture and Enterprise Fund with the following objectives.</p> <p>The fund's objective is to improve the value chain of agricultural products and to promote entrepreneurs as part of the project to develop professional technical skills in the Zambezi Valley.</p> <p>Beneficiaries</p> <ul style="list-style-type: none"> ▪ Recent graduates (individual and/or associates) from the professional technical schools in the areas of agribusiness or similar located in the Zambezi Valley. ▪ Micro, small and medium businesses, cooperatives, for-profit associations located in the Zambezi Valley that practice activities in the value chain of strategic products, agribusiness or related areas. <p>The project covers the entire Zambezi Valley, specifically the following provinces:</p> <p>a) Tete Province</p> <p>Angónia, Cahora Bassa, Changara, Chifunde, Chiuta, Mágoe, Marávia, Macanga, Moatize, Mutarara, Tsangano, Zumbo, Marara, Doa e Cidade de Tete.</p> <p>b) Zambezia Province</p> <p>Chinde, Mopeia, Inhassunge, Maganja da Costa, Milange, Mocuba, Morrumbala, Namacurra, Nicoadala, Dere, Luabo, Mocubela, Molumbo e Cidade de Quelimane.</p> <p>c) Sofala Province</p> <p>Caia, Chemba, Cheringoma, Gorongosa, Marínguê, Marrromeu e Muanza.</p>

Institution	Attributions	Main Programmes/Actions supported
		<p>d) Manica Province</p> <p>Barué, Guro, Tambara e Macossa.</p> <p>Millennium BIM, BCI and other banks has a FECOP credit line to finance investment projects and treasury support operations for micro, small and medium-sized enterprises, producer associations or cooperatives in Mozambique. The aim is to make a positive contribution to improving the productivity of various business sectors, particularly the food industry and agro-industries, namely: processing and preservation of food products such as tomatoes, coconuts, cashew pears, cereals, meat processing, milk and its derivatives; rice husking industry; cotton ginning and processing industry; silo construction.</p> <p>The intervention components are as follows:</p> <ul style="list-style-type: none"> ▪ Tranche A - Destined to finance investment projects of micro, small and medium enterprises, associations or cooperatives of producers in the Mozambican territory. ▪ Tranche B - Destined to finance investment projects and treasury support operations for micro, small and medium Mozambican companies in the regions affected by natural disasters decreed by the Government. This tranche covers all companies affected by the Covid 19.
<p>Business Incubators</p>	<p>The Business Incubators as services of assistance and strategic support to business and investment, aim to provide medium and long term business assistance and development solutions for micro and small companies in the start-up phase. The implementation of business incubators, besides being one of the attributions, is justified as an instrument for the creation and competitive strengthening of micro and small enterprises from a facilitating environment and dedicated technical assistance, aimed at achieving greater efficiency and sustainability of businesses in the start-up phase</p>	<ul style="list-style-type: none"> ▪ The Government, through the Institute for the Promotion of Small and Medium Enterprises (IPEME), has created a business incubator in the province of Manica, in essence, being a platform for the promotion, training, assistance of micro, small and medium enterprises (MSME's) and simple and appropriate intermediation and technological demonstration to the rural environment, as well as support for access to financing of subsidised and specific lines for entrepreneurship and agribusiness. This incubator aims to support and transform ideas into sustainable business projects and local impact, as well as transform and add value to micro and small local production (rural industrialisation). Focusing on the entrepreneurial youth layer (including final-year students) and producer cooperatives, local MSMEs (including large retail), the incubator's main goal is to generate local and rural employment and self-employment, stimulating national production
<p>Programme to promote and support access to technologies</p>	<ul style="list-style-type: none"> – The programme of promotion and support in access to technologies covers the development of Technology Transfer Centres (fixed and mobile) that constitute business assistance services in business development and knowledge transfer on productive processes, transformation of agricultural products and business 	<p>IPEME has mobile platforms for the transfer of processing technologies that support entrepreneurs in the food sector to create and develop businesses. These, in addition to actions to promote food processing, disseminate and provide content on technology, financial, market and business literacy. On the other hand, the program also includes support to the development of rural entrepreneurship</p>

Institution	Attributions	Main Programmes/Actions supported
	development). The implementation and operation of the Knowledge Transfer Centres (CTC), aims at promoting and assisting the implementation of small units of food processing and fortification at local level, through a combined action of management and business development, with strategic partners	through the professionalization of local entrepreneurs in the implementation of sustainable business models from the opportunities linked to nutrition as well as by creating opportunities for food fortification of micro and small industries in rural areas
Trade fairs	Service and Instrument for market access, through business support to MSMEs from different activity sectors such as industry, agriculture and services, as well as being a vehicle for knowledge transfer and sharing, promotion of business links, capacity building, formalisation and business marketing support	IPEME has already institutionalized the International Packaging and Printing Fair, the SME Entrepreneurial Woman fair and the Know and Use SME Financing Conference that take place annually in different locations around the country. Besides these, the PME Exporte pavilion was institutionalised at the 53rd edition of FACIM as a promotion platform that annually brings together and assists MSMEs in their internationalisation

It is known that SMEs usually face difficulties in the world of competition. This stems from items such as: high production costs, small scale, little management information (particularly in relation to market behavior), insufficiently trained employees, deficiency in the field of product and process technology, as well as in terms of available credit lines and inadequate use of available management practices and techniques (BALESTRIN et al., 2010).

One of the mechanisms to mitigate the challenges presented above, according to Balestrin (2005) indicates some characteristics in the context of networks of small and medium enterprises that establish an advantageous environment for the generation and increase of confidence among companies and that allow achieving economic advantage by sales growth and marginal gains, they are:

- The existence of information sharing on markets, technologies and profitability;
- The little difference in size, power or strategic position among the firms;
- The adoption of similar processes and techniques;
- The periodic alternation of leadership to represent the group of companies;
- The building of long-term relationships; the occurrence of similar financial rewards for firms and employees within them; and
- The collective experience.

Below we present in detail how SME networks are structured and the competitive advantages that come from this type of strategic partnership between companies.

3.2.3 SMEs Networking

The term **network** is not new and presents several meanings and applications in the most varied contexts, for some time. Authors such as Fombrun (1997) and Castells (1999) define network as a set of interconnected nodes, allowing this broad concept to be used in various areas of knowledge. In the field of social sciences studies, the term network designates a set of people or organizations directly or indirectly interconnected (Marcon and Moinet, 2000).

The recognized importance in the organizational and social field has demanded increasing interest in research on the phenomenon of inter organizational networks in various areas of knowledge, such as economics, sociology,

political science and administration. The idea underlying the interests of this study is that the network configuration promotes a favourable environment for sharing information, knowledge, skills and resources essential for innovation processes. The network configuration consists, then, in an effective way for companies to achieve competitiveness in markets through a complex organization of relationships, in which companies establish interrelationships.

The interest in the theme of networks has been motivated by the reflection of some authors, such as Perrow (1992) and Human and Provan (1997), who associated the typology of cooperation networks to the performance of small and medium enterprises (SMEs). The analytical review of the literature on this theme allowed the understanding of the strategic relevance of networks in competitive environments, especially by facilitating the synergy of efforts among SMEs towards common goals. To offer better understanding of the diversity of typologies of inter-organizational networks, Marcon and Moinet (2000) created a chart called conceptual orientation map, indicating, from four quadrants, the main dimensions on which the networks are structured, as illustrated in the following figure:

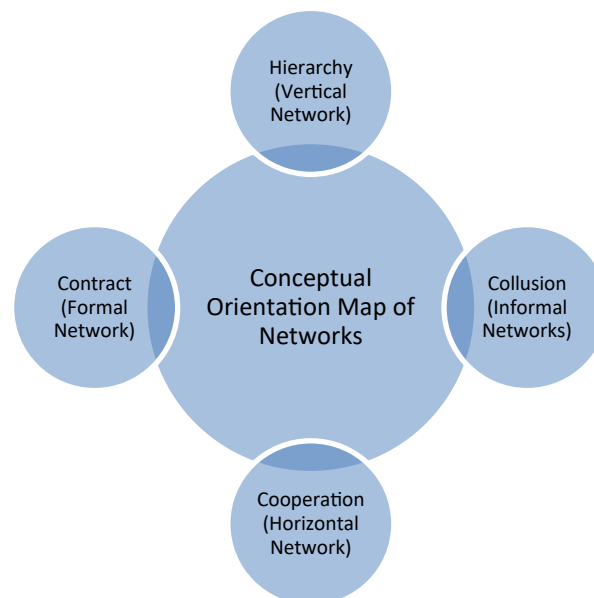


Figure 3: Main dimensions on which the networks are structured

Vertical networks: the dimension of hierarchy. Certain networks have a clear hierarchical structure. In general, these relations are like those established between parent company/subsidiary, in which the subsidiaries have little legal and administrative autonomy. This hierarchical dimension underlies the notion of network company, by which are designated those companies whose organization adopts the network configuration due to its spatial dispersion.

Horizontal networks: the cooperation dimension. In terms of network strategy, inter-firm relations form a learning environment through cooperation. These relationships are complex, where competing actors choose to cooperate within a certain domain. Thus, networks favour the concentration of efforts, without depriving their members' freedom of strategic action.

Formal networks: the contractual dimension. Knorringa and Meyer-Stamer (1999) argue that some networks are formalized by means of contractual terms, which establish rules of conduct among actors. Networks such as strategic alliances, export consortia, joint ventures and franchises are examples of strongly formalised networks.

Informal networks: the dimension of collusion. In this dimension, networks are formed without any type of formal contract that establishes rules; they act in accordance with mutual interests of cooperation, based, above all, on trust between the actors.

The necessity of survival in the corporate world has forced companies to adopt new organizational formats. Thus, mergers, strategic alliances, acquisitions, partnerships, networks and agglomerations are present in the work of researchers worldwide, resulting in important theoretical productions within the scope of inter-organizational analysis (Cunha, 2002).

There are several justifications presented for the study of SMEs, and Souza (1995) highlights the following: (1) stimulus to free initiative and entrepreneurial capacity; (2) more harmonious capital/labour relations; (3) possible contribution to the generation of new jobs and absorption of labour, either by the growth of existing SMEs or by the emergence of new ones; (4) cushioning effect of the impacts of unemployment; (5) cushioning effect of fluctuations in economic activity; (6) maintenance of a certain level of economic activity in certain regions; (7) contribution to the decentralization of economic activity, especially in the function of complementing large companies; and (8) potential for assimilation, adaptation, introduction and, sometimes, generation of new product and process technologies.

However, inserted in hypercompetitive environment, the SMEs, most of the times, present certain difficulties, such as to obtain better prices and advantages in the purchase of raw materials and components, costs of participation in fairs, costs of advertising campaigns, costs of recycling and training of the workmanship, technological updating, access to credit lines and financing, costs of rent, costs involved in the exportation of products, etc. These problems will hardly disappear; however, they may have their effects neutralized or softened by the collective action of SMEs.

In view of the challenges faced by SMEs, theoretical and empirical evidence indicate that the network configuration allows SMEs to achieve the following benefits: greater exchange of information and knowledge among companies, participation and sales of products at fairs, lobbying, improvements in business processes, participation in lectures and training courses, price bargaining with suppliers, joint marketing, access to new representatives, greater guarantees in the provision of credit to customers, easier marketing of inputs among companies and gains in economies of scale, scope and specialization.

The emergence of an inter-firm network depends on organizational learning, the search for defence against uncertainty, the transfer of knowledge that improves productive and economic aspects, the dissemination of information to the market, cooperation by choice of players, the demand for market speed and the complexity of products in several areas of the industry. When this interaction occurs between the actors involved in the formation of a network, gains are possible due to the competitive advantage that occurs by joining forces.

Many SMEs are unable to maintain themselves in markets for not having characteristics that are considered fundamental, but the formation of networks allows them to compete equally with larger or better structured organizations, competing for market shares that were previously considered distant.

Another pertinent factor is that networks must be inserted in an institutional environment that is essential to their survival and to their economy, which encompasses incentives from local and regional governments, educational services, trade associations that provide economic information, training and marketing services.

In functional terms the horizontal network of SMEs fits the reality in developing countries, fitting the typology of National Network of SMEs for the following reasons:

- 1) It is formed by a group of SMEs;
- 2) SMEs are located geographically close;
- 3) SMEs operate in a specific market segment;
- 4) Relations between SMEs are horizontal and cooperative, with mutual trust prevailing;
- 5) The network is formed for an undetermined period; and
- 6) Network coordination is exercised based on minimum contractual instruments that guarantee basic governance rules.

In the general overview of the existing networks in the country, it is verified that they are horizontal and not formal networks, where the associated companies obtain benefits related to increasing the trust aspect and reducing the difficulties in inter-company relationships, offering the possibility of minimising processes in commercial relations, maximising economic efficiency and increasing competitiveness.

In Mozambique there are some business networks, namely SBN MOZ and the IPEME SME Network, which are not only geared towards young people, but have the primary objective of any cooperation network focused on procedures without the need to admit the rigidity of inflexible and bureaucratic organizations, in which a composition of actions capable of performing functions such as reducing uncertainties with respect to the other participating actors and improving performance, increasing the results produced.

3.3 Benchmark Analysis

In order to better understand the functioning of business networks, we bring in this subchapter, 3 (three) countries namely: Nigeria; Mozambique and Brazil that have this mechanism of experience exchange. Nigeria has a network of young people in agribusiness, which proposes mechanisms to attract this layer to the practice of agriculture and increase the competitiveness of SMEs compared to large companies, an aspect to be highlighted in this network is the existence of specific programmes for women. In Mozambique and Kenya no evidence was found of the existence of specific networks for young people in agribusiness, but rather generic networks for SMEs. Below we present in detail the functioning of these networks in the above-mentioned countries, with the following analysis parameters:

1. Network Operation/Organisation;
2. Number of Beneficiaries;
3. Integration requirements;
4. Integration requirements;
5. Services;
6. Member Benefits;
7. Network Sustainability;
8. Gender Equity;
9. Information Sharing Mechanisms.

Analysis Parameters	Nigeria	Mozambique	Kenya
<p>Network Operation/Organisation</p>	<p>Nigeria Young Farmers Network (NYFN) was founded in 2014 and it brings together a diverse range of people who are united by their passion for progression and commitment to achieve inclusive and sustainable economic development through Agriculture.</p> <p>NYFC is an agricultural and agribusiness driven organization whose stated purpose is to bring together everyone in order to provide socio-economic services, encourage high ethical standards in all vocations, and to advance wealth creation and sustainable development in Nigeria through agriculture</p> <p>To raise a Generation of young people that are Empowered, Motivated & Stirred to Operate with Natural Excellence through Agriculture. These exemplary leaders of excellence (at every age and every stage) are committed and involved with the process of national transformation through agriculture.</p> <p>The NYFC as this follows objectives:</p> <ol style="list-style-type: none"> 1. Make Agriculture attractive to young people 2. Foster National Integration 3. Bridge the knowledge gap in modern agriculture through public enlightenment and advocacy 4. Capacity Development and Vocational skills development, 5. Promote Agriculture as a business to mitigate unemployment and create wealth 6. Promote gender equality 7. Access to credit – venture capital, agribusiness loans, startup grants, investment funding, shared services. 	<p>SBN - It is the Business Network of the SUN (Scaling Up Nutrition) Movement for Scaling Up Nutrition. The SUN Movement was established under a mandate from the United Nations to mobilize and intensify the efforts of business to contribute to the enjoyment by all people of their right to access safer and more nutritious diets.</p> <p>In Mozambique, the SBNMOZ Network is established with a mandate to enhance and strengthen the Private Sector's contribution to improved nutrition. In this context, the Network is co-facilitated by GAIN and WFP and operationally coordinated by a Secretariat.</p> <p>The Network seeks, on the one hand, to create and stimulate synergies among its members in order to improve the business environment, whether through initiatives aimed at improving and expanding their productive capacities or by creating new market opportunities. On the other hand, the Network establishes itself as an advocacy mechanism in favour of the Private Sector regarding the different factors that condition business (legislative, regulatory, among others).</p>	<p>The Kenyan Youth Biodiversity Network (KYBN) is a youth-led organization registered and operating in Kenya since 2017. The organization is run by a team of 100% young people and provides strategic and safe spaces for youth involvement in national and international environmental policy formulation, advocacy, and implementation of green projects that empower youth economically. As a national network of individuals and youth-focused initiatives whose common goal is to halt the loss of biodiversity, we constantly advocate for mainstreaming of conservation into all key sectors and showcase green innovative youth solutions that can be scaled up to address common environmental challenges</p>
<p>Number of Beneficiaries</p>	<p>999.999 Registered Young Farmers Nationwide, 7.495 Unique products from our farmers networks and 158.000 Acres of land available for agricultural use</p>	<p>Globally, the Network has over 300 companies (99 of which are associated with the Network in Mozambique) ranging from multinationals to nationals, committed to driving the nutrition agenda through the adoption of corporate responsibility and business models.</p>	<p>Work at a grass-root level with over 10000 young people in various parts of the country to build their capacity as ambassadors of ecosystem-based solutions, active and meaningful contribution to policy frameworks, and implementation of viable projects within their communities that</p>

Analysis Parameters	Nigeria	Mozambique	Kenya
Integration requirements	Young people in the agricultural value chain	<p>All companies within the food systems chain as well as companies that have a direct or indirect influence on this sector can be members of this network. Small, medium and large companies can be members of the SBN and these companies can operate in various areas, such as the providers of agricultural inputs and services, agro-processing companies, food processing, distribution chain, logistics, retail, communication and IT.</p> <p>All registered companies have made a specific commitment to fight malnutrition, and the role of the network is to support each of them to achieve these commitments</p>	<p>reverse the devastating impact of climate change</p> <p>Young people in various frameworks</p>
Network Areas of Activity	<p>Areas of activity are as follows:</p> <p>NYFN Schools – secondary, university and others, young people can connect themselves and gain access to info to become self-reliant and economically viable</p> <p>NYFN Women - coordinate efforts to advance the full realization of women’s rights and opportunities in agriculture</p> <p>NYFN Family – the freemium and premium portal provides each member with relevant info and data tailored to their business</p>	<p>The SBN's benefiting companies are:</p> <ol style="list-style-type: none"> 1) Entrepreneurs/Microenterprises 2) Small and medium enterprises 3) Large enterprises 4) Multinationals <p>Areas of activity are as follows:</p> <ol style="list-style-type: none"> 1) Providers (of agricultural inputs / services) 2) Agro processing 3) Food processing 4) Distribution chain / logistics 5) Retail 6) Communication / IT 	<p>The areas of activity are as follows:</p> <ol style="list-style-type: none"> 1) Youth Capacity-building and Empowerment - build the capacity of young people to be environmental leaders, foster an in-depth understanding of conservation, and enhance stewardship of natural resources. Our climate-smart farming initiative seeks to train young people on best practices that can minimize agriculture-induced climate change while earning them a livelihood. Our annual #OceanInnovationChallenge aims at bringing forth creative business youth initiatives in the blue economy sector for further scaling, collaboration spaces, and training on impact maximization. 2) Policy advocacy – organize youth consultation workshops especially on the Post-2020 global biodiversity framework, COP (Conference of Parties) simulation training, and advocacy on mainstreaming conservation in various topics of utmost concern such as gender, human rights, indigenous knowledge, agriculture, and inter-generational equity

Analysis Parameters	Nigeria	Mozambique	Kenya
			<p>3) Strategic Partnerships to raise youth voices - worked closely with other organizations, local and national governments, the corporate sector, and supporters to raise the voices of young people and promote the participation of young people in various frameworks.</p> <p>4) Marine Action - mobilize young people to share knowledge and raise awareness on the need to conserve our marine resources and push for effective related policies</p>
Services	<p>The lines of services offered to network members are:</p> <p>R&D – Research/Innovation, Information Dissemination and New Product Lines</p> <p>Consulting Services – Growing new and young agropreneurs, training and capacity building, training on new technology, advisory services and business development & analysis</p> <p>Processing Facilities</p> <p>Farm/Farmers Management</p> <p>Mechanization & Farm Input – Plating Materials/seeds, agrochemical/fertilizers, leasing sales, farming equipment/machinery, land clearing and land preparation</p>	<p>The lines of services offered to network members are:</p> <ol style="list-style-type: none"> 1) Training; 2) Technical Assistance; 3) Workforce Productivity Improvement; 4) Business Environment Improvement; 5) Demand Generation; 	<p>The lines of services offered to network members are:</p> <ol style="list-style-type: none"> 1) Training 2) Policy-making processes; 3) Raising youth voices; 4) Nurturing leadership skills; and 5) Creating avenues for collaboration in on-ground work.
Member Benefits	<p>Network members have the following benefits:</p> <ul style="list-style-type: none"> ▪ Present regular podcasts from industry experts who share their insights on specific aspects of agribusiness ▪ Engage local and global thought leaders and industry experts to provide- tailored answers to critical questions raised by members ▪ Organize physical and online training for members, based on needs assessment and a tailored curriculum on agribusiness sector ▪ Monthly members physical and virtual meetings where members 	<p>Network members have the following benefits:</p> <ul style="list-style-type: none"> ▪ Interconnection with other companies that have an interest in nutrition and in expanding the nutrition market; ▪ Enabling the company to demonstrate its contributions to improving nutrition at the national and global level; ▪ Exploring opportunities for members of the Private Sector to engage with each other, NGOs, associations and other nutrition stakeholders; ▪ Contribute to a collective and community voice and nutrition in 	<p>Network members have the following benefits:</p> <ul style="list-style-type: none"> – Build the capacity of the young people in various parts of the country as ambassadors of ecosystem-based solutions, active and meaningful contribution to policy frameworks, and implementation of viable projects within their communities that reverse the devastating impact of climate change.

Analysis Parameters	Nigeria	Mozambique	Kenya
	<p>across the country come together to deliberate</p> <ul style="list-style-type: none"> Partnership with relevant stakeholders is set to launch programs geared towards young Nigerians in schools for agribusiness future The NYFN Women is the entity dedicated to promoting, strengthening, supporting, empowering girls and women in agriculture Gather: information, people, data, resources, stakeholders, tools, research, innovation. Equip: Equip with knowledge, training, capacity development, technology, tools, machinery, investment, finance, relevant linkages, support services. Activate: provide visibility, promote, traction, connect, stabilize. <p>Release: Release for increase. Push forward to empower others.</p>	<p>Mozambique's Private Sector, which currently does not exist;</p> <ul style="list-style-type: none"> Access a wide range of CSR opportunities for business to improve nutrition in the community; Receive updates on changes in the food industry and relevant policies that may impact their business decisions; Provide input into government policy decisions and support recommendations for regulatory improvements; Facilitate access to finance to enhance a company's impact on nutrition; Participate in a national movement, including key events, to grow the market and expand nutrition business involvement. 	
Network Sustainability		<p>The network is currently funded by SBN Global and WFP to cover operational and administrative costs (linked to the organisation and promotion of conferences). But the network has defined in its EP that members will now contribute through membership fees to meet the costs of operations.</p>	<p>The network has the following as Sponsors and partners: Convection of Biological Diversity, Global Alliance, Kenya Red Cross, African Wildlife Foundation, Global Youth Biodiversity Network, Government of Kenya, among others.</p>
Gender Equity	<p>The networking has a specific program to support. NYFN Women was established to accelerate progress on meeting the needs of women in Agriculture nationwide. It is a known fact that Nigerian women play important roles in food and agriculture. Global Statistics reports that women smallholder farmers constitute 70-80 percent of the agricultural labour force in Nigeria</p>	<p>The network has less than 20% of companies led by women, as well as, by young people. By 2023 the network intends to develop mechanisms to attract this target group by disseminating the network's objectives</p>	
Information Sharing Mechanisms	Physical and virtual meetings	<p>Online mechanisms, social networks (Facebook, tweeter) Newsletter Monthly and annual conferences</p>	Annual conferences, virtual meetings

4 Key Findings

Based on the literature review and consultations carried out, this chapter presents the main barriers and constraints faced by SMEs and the opportunities for improvement that can be undertaken to improve the performance of SMEs.

4.1 Framework Of Problems

SMEs face several barriers, which significantly impact on the development of SMEs, as follows:

- Non-existence of a specific national network for young agribusiness SMEs, given that, at the national level, SMEs are classified by the number of workers and turnover according to the Strategies for Small and Medium Enterprises, and not according to the age group of this segment;
- Deficient access to financing due to the guarantees required from SMEs in agribusiness due to the risk associated with the activities they develop, according to a recent GTZ study (2022), only 1% of total credit granted to SMEs goes to the agribusiness sector;
- Limited information on market prices, as there is no platform that allows the massive and inclusive dissemination of market information;
- Inability to establish proper links with partners and markets, as most partners opt to finance SMEs set up in associations or cooperatives, to the detriment of those set up in isolation;
- SME growth and job creation have been minimal, and growth remains limited to sectors dominated by large international investors (e.g. extractive industry and financial services);
- Uncertainty in the business environment due to unpredictable enforcement of legislation and other barriers to investment that are embedded in the following constraints: macroeconomic, financial and credit market related, trade and investment, infrastructure and services related, governance, employment and legal;
- Regulatory barriers impede flexibility and agility because of the lengthy and costly procedures that businesses go through to obtain the necessary licenses and/or registrations. These aspects may explain why many firms remain in the informal sector. The regulatory environment in the country is not good enough to encourage the opening of new businesses, and often hinders the competitiveness of existing businesses;
- Excessive tax burden and a high cost of paying taxes, in relation to the tax burden, businesses consider taxes to be high and not suitable for young and growing businesses. The differential between the ISPC (3% of turnover if this is equal or less than 2.5 million meticaís) and the IRPC (34% of turnover if this is more than 2.5 million meticaís) worries the companies because they want to grow and increase turnover, but fear that the tax to be applied may act as a barrier to growth;
- The shortage of qualified labour is one of the biggest challenges facing the development of SMEs;
- Poor access to markets, as the market is weak in terms of product availability, product line and depth as well as price, factors that lead to a low level of customer response. This problem is the result of the combination of some factors such as poor infrastructure and competitiveness of companies. The cost of information, among other transaction costs, is high;
- Lack of horizontal and vertical links between companies avoiding that they complement each other in the value-added process and improving economies of scale, and;
- Low entrepreneurial spirit, associated with factors linked to lack of entrepreneurial culture, business management skills, as well as, the associated risks are too high, but the expected return is too low. Another factor is associated with the socio-cultural component of the country, whereby the young person is instructed to opt for a secure job, rather than undertake their own business.

4.2 Constraints and Opportunities for Improvement of The National Network Of Youth Agribusinesses/SMEs

During the process of analysis of the current situation of SMEs, key stakeholders were consulted, namely: institutions under the jurisdiction of the CTA, the Association of Banks of Mozambique and Associations of SMEs, which allowed the mapping of the main challenges and opportunities that can be transformed into actions of response and capitalization of opportunities, which will guide the creation of a Network of young agribusiness SMEs allowing a quick and dynamic exchange of experiences between them.

Table 7: Main Findings and Opportunities for Improvement

Key Constraints	Improvement Opportunities
<ul style="list-style-type: none"> The fact that there is an important part of the MSMEs to which the Simplified Tax for Small Contributors - ISPC does not apply places even greater relevance on the search for a tax incentive framework that boosts the growth and strengthening of the Small and Medium Enterprises (SMEs) that cannot benefit from that tax regime. The tax burden is considered too heavy for newly created and growing companies⁶. The high level of the rates applied for national taxes is one of the constraints for the financing capacity of companies, as they are deprived of financial resources to support new investments⁷. 	<p>it is necessary that the private sector together with the Government find the best alternatives for review the current fiscal framework, allowing for a reduction of the high tax burden on SMEs</p>
<p>Part of the national SMEs⁸ do not have Human Resources development policies or financial resources to invest in employee training</p>	<p>Need for SME training and assistance dedicated to SMEs. Massification of the involvement of MSMEs benefiting from IPEME's technical assistance services impacting on the improvement of labour productivity levels as well as the technical skills of managers and workers of these companies</p>
<p>Difficulties in business management⁹, as 85% of sole proprietors have primary education or less (including 15% without formal education). Of those with employees, 69% have primary education or less, including 13% with no formal education. In this scenario aspects of corporate management such as planning, relationship with suppliers, marketing, finance, stocks among others are not in the domain of the MSME managers due to their educational level.</p>	<p>Building management capacity in information, markets, production, financing, operations, strategic planning and entrepreneurship</p>
<ul style="list-style-type: none"> Deficient access to finance (access to bank credit), associated to the following aspects: Given that SMEs in Mozambique, are mostly non-public limited companies and show weak application of corporate governance principles; Difficulties in accessing alternative financial services through the Mozambique Stock Exchange (BVM). In terms of access to finance, large and medium producers are generally considered bankable (considering risk and maintenance costs), but small producers are not - unless it is through an intermediary, such as an agri-business aggregator, a farmers' association or an NGO. 	<ul style="list-style-type: none"> Introduction of legal and regulatory instruments that allow MSME assets, commonly available, to be used as collateral; Creation of a specific fund for SME financing, since the financing programmes offered by commercial banks are not applicable to this segment due to the high rates applied (14%).

⁶ SMEs in Mozambique Challenges and Opportunities" (2013)

⁷ ACIS 2012

⁸ The study on challenges and opportunities for SMEs

⁹ FINESCOP PME, 2012

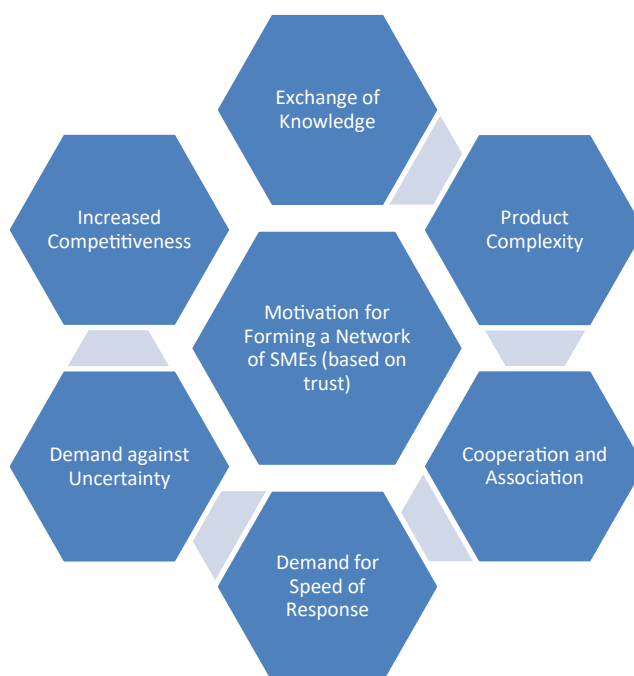
Key Constraints	Improvement Opportunities
<p>Lack of information on business and market opportunities, with an adverse impact on the supply of goods and services from SMEs</p>	<p>Creation of a national network and platform to disseminate opportunities, discussions and sharing of various information and mechanisms for business exposure, negotiation and information</p>
<ul style="list-style-type: none"> ▪ Inability to meet the standards and requirements demanded by large buyers and little benefit from business linkages. ▪ Inconsistency in the quality of the products and services provided by national MSMEs means, in many cases, that they are passed over for products that come from more industrialized economies in the region and the rest of the world which have higher international standards. ▪ Lack of familiarity of MSME's in matters related to certificates of origin, tariff and non-tariff exemptions inherent to the free trade agreement, they are less competitive and therefore have limited benefit from recent regional integration efforts at SADC level, as well as other international trade agreements (AGOA, EBA, ACP and others). 	<ul style="list-style-type: none"> ▪ Training of SMEs in areas related to e-commerce, ISO, quality certification and barcodes. ▪ Creation of partnerships with international companies for the acquisition of a bar code for the country.
<p>Deficient coordination between the various intervening parties in the support and development of MSMEs, which leads to asymmetry of information and duplication of actions on the part of both the Government and cooperation partners, and may imply the excessive use of resources in some sectors and/or the non-coverage of important sectors</p>	<p>Creation of synergies between the different actors, IPEME should be the public institution in charge of coordinating all actions aimed at supporting SMEs</p>

5 Future Vision for the Creation of a National Network Of Youth Agribusinesses/SMEs

The improvement of the current situation of the SME's passes fundamentally through the creation of mechanisms that allow the exchange of synergies between young agribusiness SME's. The creation of a National Network would allow a quick and efficient exchange of know-how, market and capacity building opportunities as well as the exchange of knowledge and important information, in order to cover the gaps that currently exist in this sector.

For the creation of the above-mentioned network, the main strategic guidelines must be defined to guarantee its effective and efficient functioning. For such, the following chart illustrates the circuit followed to materialize the creation of this network:

Figure 4: Framework for the formation of a network of SMEs



Here are some aspects that are key to ensuring that the future network should be able to respond to the challenges faced by SMEs:

- 1) Knowledge transfer between SMEs operating in the agribusiness value chain, thus enabling the improvement of productive aspects and economic growth of SMEs within the network;
- 2) The network will promote complex and reciprocal interdependencies, in which its members will provide inputs and receive outputs from each other. These inter-relationships are usually coordinated by the network firms themselves, and the coordination mechanisms are usually loosely formal and facilitated by the members' own interaction dynamics;
- 3) Network members will combine core competencies for the achievement of common organizational goals that they would not achieve individually, resulting in effective competitive performance with large firms;
- 4) Creation of synergies with potential partners where incentives to boost businesses, educational services, trade associations that provide economic information, training and marketing services, creating a strong contribution to the development of regions and the progress of SMEs themselves;

- 5) Creation of direct forum of activities and relationships between members, who remain independent even though working on joint activities.

5.1 Strategic guidelines of the National Network of Agribusiness Youth SMEs

For the creation of the future National Network of Agribusiness Youth SMEs, we have defined the following main strategic guidelines:

Mission

The mission of the national network constitutes the purpose of the existence of an institution, that is, the reason for its existence, thus, the **Mission** of the national network:



MISSION

To be an inclusive network that ensures the involvement of young agribusiness SMEs, contributing to cooperation and knowledge sharing and exchange, maximising economic efficiency and increasing competitiveness

Vision

As a response to the challenge of its mission it defined its **Vision**:



VISION

To be the National Network of reference in the creation of competitive strategies and improvement of the economic development of Youth owned Agribusiness SMEs

This Vision should inspire the members of the network to maximise their capabilities and achieve higher levels of personal and professional excellence.

Values

The values should constitute the principles by which the network should be guided.



VALUES

- Trust, transparency, loyalty, and entrepreneurship;
- Innovation of the products generated by SMEs within the network;
- Promote harmonious coexistence between the different actors of the agribusiness value chain (companies, donors, partners, suppliers and clients);
- Ethics: acting in accordance with moral and legal principles and the association's rules, based on honesty, justice and commitment;
- Focus on continuous improvement;
- Diversity: to accept and respect individual and collective differences

5.2 Strategic objectives

Short, medium and long-term objectives are defined, focusing on SME growth and development. The objectives are defined considering the obstacles that SMEs face during their activities.

#	Strategic Objectives	Strategic Results
01	Develop the organizational and functional model	To provide the Network with human, material and technological resources
02	Establish sustainability guidelines of the network on both financial and non-financial ends	To guarantee the National Network's financial and economic self-sustainability
03	Promote the adherence of many as possible youth SMEs and relevant partners	To develop strategic partnerships aimed at boosting competitiveness
04	Ensure an effective the exchange of synergies between network actors	To create exchange mechanisms between the actors of the network

5.3 Strategic Pillars

After diagnosing the current stage of SMEs and the challenges they face, which culminate in the creation of a National Network, the outlined strategic pillars were defined, whose objective is to support the Mission and Vision defined.

The defined pillars aim at responding to the constraints currently faced by SMEs, in order to ensure the construction of fundamental conditions for the development of a strategy to meet the future National Network.

The materialisation of the strategy to create the National Network is based on strategic pillars defined based on the new defined mission and vision, namely:

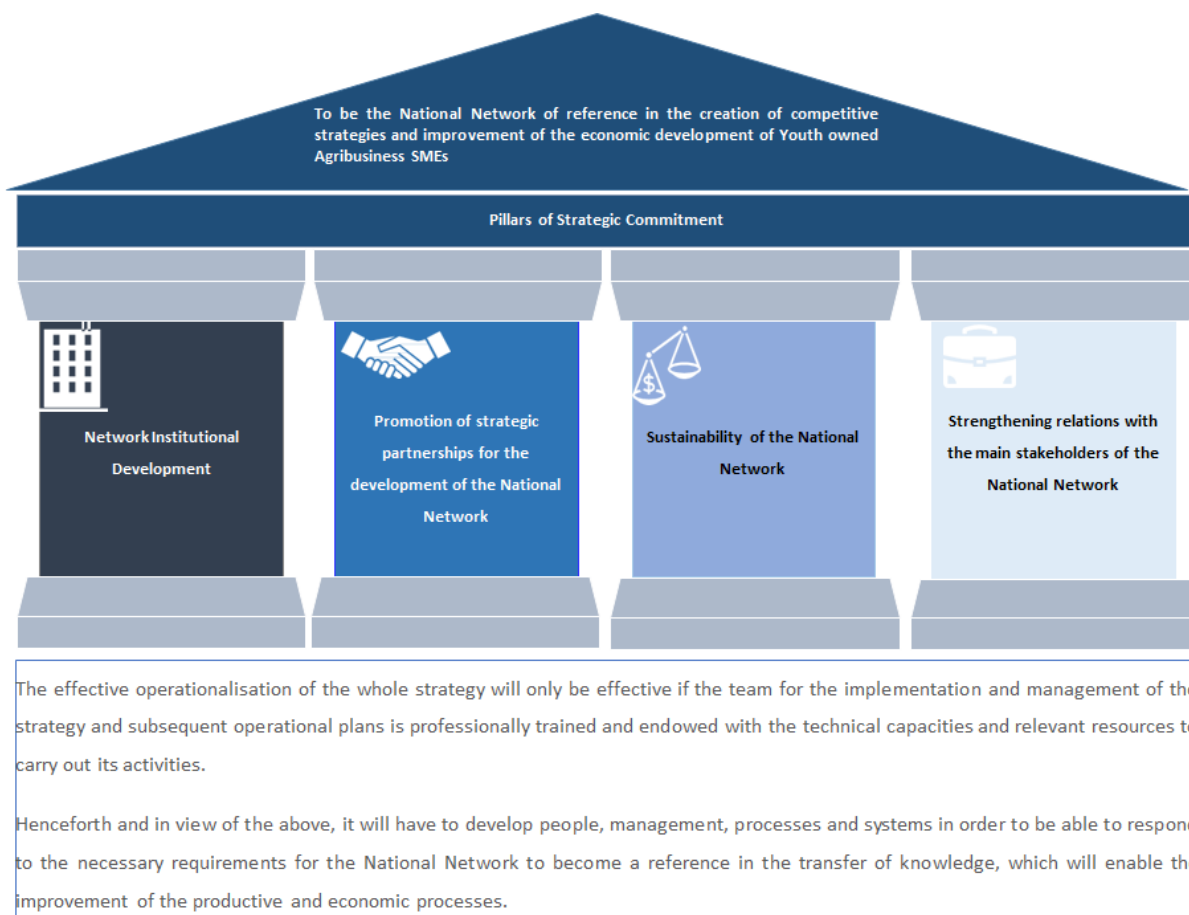


Figure 5: Strategic Pillars

The various pillars listed in the action plan are detailed below.

5.4 Action plan

The action plan presented here aims to provide a systematic guidance on how the vision, mission and strategic objectives of the institution will be achieved, focusing on the constituent elements of the pillars of strategic commitment and the relevant performance measures.

5.4.1 Network Institutional Development

From the analysis of the current situation of young agribusiness SMEs, it was possible to identify the inexistence of networks or associations aimed specifically at this target group, given that, in general, SMEs face several challenges related to access to finance, qualified and specialized human resources, access to market information. There is an urgent need to create mechanisms that will allow a quick and effective way to mitigate the constraints faced by this segment.

For this pillar the institutional and regulatory aspects will be defined, including the creation of human, material and financial resources that favour the elaboration of entrepreneurial projects and the development of SMEs to improve competitiveness.

Strategic Objectives	Develop the organizational and functional model	
<u>Activities:</u>	<u>Programming</u>	<u>Implementer Responsible</u>
1.1. To define the institutional framework, nature, attributions and institutional coordination model of the network	Implementation to start in the 2nd half of 2023	Confederation of Mozambique Economic Associations
1.2. Analyse the legal aspects for formalising the creation of the National Network of Agribusiness Youth SMEs	2023	Confederation of Mozambique Economic Associations
1.3. Define the following aspects of the entity responsible for coordinating the implementation of the National Network: <ul style="list-style-type: none"> ▪ Legal nature and attributions; ▪ Organic structure and the governance model; ▪ Staff, material and financial resources for the creation of the network; ▪ Management and financing model; – Investment policy for sustainability. 	Design and implementation in the 1st half 2024	Confederation of Mozambique Economic Associations, coordinate with IPEME
1.4. Establish the most adequate form of organization of National Network to be implemented (Vertical/horizontal, formal/Informal Networks)	Design and implementation in the 1st half 2024	Confederation of Mozambique Economic Associations
1.5. Define the eligibility requirements for the integration of SMEs in the network, having as target group those Young owned, as well as ensure the inclusion of gender	Design and implementation in the 1st half 2024	Confederation of Mozambique Economic Associations, coordinate with IPEME
1.6. Establish the set of benefits that members will obtain within the network, as well as the added value that the network will bring to its beneficiaries	Design and implementation in the 1st semester 2024	Confederation of Mozambique Economic Associations
1.7. Define common goals and objectives for network members	Design and implementation in the 1st semester 2024	Confederation of Mozambique Economic Associations

5.4.2 Promotion of strategic partnerships for the development of the National Network

To materialise the objectives of the creation of the National Network, it is necessary to create synergies with different partners that add value to the network, , in terms of financial and non-financial resources, as well as partnerships that transfer the best production practices to the SMEs.

Strategic Objectives			Promote the adherence of many as possible youth SMEs and relevant partners		
Activities:		Programming	Implementer Responsible		
1.1. Map the potential cooperation partners to be integrated in the network		Implementation to start in the 2nd half of 2023	Confederation of Mozambique Economic Associations		
1.2. Identify the needs in terms of material and financial resources		2023	Confederation of Mozambique Economic Associations		
1.3. Generate partnerships with NGOs that develop actions focused on agribusiness and with a focus on the inclusion of young people and women in the value chain		2023 - 2024	Confederation of Mozambique Economic Associations, coordinate with NGOs supporting SMEs		
1.4. Generate synergies with existing partners to ensure the development of coordinated actions, since the common objective is the development of SMEs)		Design and implementation in the 1st half 2024	Confederation of Mozambique Economic Associations coordinate with IPEME, ANJE, AMB		
1.5. Create mechanisms of dissemination of the areas of action of the network, in order to arouse the interest of other cooperation partners linked to the agribusiness value chain, for their integration and the promotion of strategic partnerships		Implementation to start in the 2nd half of 2023	Confederation of Mozambique Economic Associations, coordinate with IPEME		
1.6. Generate partnerships with educational institutions linked to the agricultural sector, for the dissemination of the use of technology and innovation, allowing SMEs to develop new products and services		Implementation to start in the 2nd half of 2023	Confederation of Mozambique Economic Associations, coordinate with Universities and Agronomy Institutes		

5.4.3 Sustainability of the National Network

The creation of sources of revenue is an essential aspect for the self-support of the network, which must adopt mechanisms that allow it to generate revenue to meet the administrative and financial costs of maintaining the network.

Strategic Objectives	Establish sustainability guidelines of the network on both financial and non-financial ends	
<u>Activities:</u>	<u>Programming</u>	<u>Implementer Responsible</u>
1.1. Define the sources of funding for the network	Implementation to start in the 2nd half of 2023	Confederation of Mozambique Economic Associations
1.2. One year after the integration of the companies and the added value that the network will bring to SMEs, the symbolic fees to be paid by the beneficiaries to cover the running costs of the network should be defined	2023	Confederation of Mozambique Economic Associations
1.3. Define a robust and balanced investment policy, considering risk and profitability factors	2023 - 2024	Confederation of Mozambique Economic Associations
1.4. Generate partnerships with NGOs that can invest in the network both in financial and non-financial resources	2023 - 2024	Confederation of Mozambique Economic Associations, coordinate with NGOs supporting SMEs

5.4.4 Strengthening relations with the main stakeholders of the National Network

In this pillar are defined the aspects related to the materialization of the objective of the creation of the network, which is the creation of mechanisms of exchange of information, experience, capitation of opportunities of access to financing and clients.

Strategic Objectives			Promote the adherence of many as possible youth SMEs and relevant partners		
<u>Activities:</u>		<u>Programming</u>	<u>Implementer Responsible</u>		
1.1. Develop an inclusive platform (primary and secondary agricultural sector), which allows in real time the dissemination of the main financial and non-financial services and products existing in the market		2024	Confederation of Mozambique Economic Associations		
1.2. Create regular meetings (monthly?/quarterly) (virtual, in person or hybrid) to be attended by all key stakeholders, enabling information sharing and exchange, links with large companies and access to funding		Design and implementation in the 1st half 2024 - 2026	Confederation of Mozambique Economic Associations		
1.3. Organize annual workshops that involve SMEs at the national level, allowing for the necessary technical support for training, capacity building, consolidation and development of business networks		Design and implementation in the 1st half 2024 - 2026	Confederation of Mozambique Economic Associations, coordinate with IPEME		
1.4. Organize fairs that allow SMEs to exhibit their products and generate business opportunities		Design and implementation in the 1st half 2024 - 2026	Confederation of Mozambique Economic Associations coordinate with IPEME		
1.5. Generate greater exchange of information, service logistics, development of new trends and shared marketing		2023	Confederation of Mozambique Economic Associations, coordinate with SMEs		
1.6. Ensure network beneficiaries have access to existing services and enable SMEs to be profitable in new product and market niches		Implementation to start in the 2nd half of 2023	Confederation of Mozambique Economic Associations, coordinate with IPEME,		
1.7. Enable greater exchange of information, service logistics, development of new trends and shared marketing, import of appropriate technologies to SMEs in order to permanently develop the propitious innovative system		Design and implementation in the 1st half 2024 - 2026	Confederation of Mozambique Economic Associations		
1.8. Creation of partnerships with banks to create specific programmes for access to finance		2023	Confederation of Mozambique Economic Associations coordinate with AMB		
1.9. Ensure the recurrent promotion of quality services offered by SMEs in order to attract potential investors		Design and implementation in the 1st half 2024 - 2026	Confederation of Mozambique Economic Associations		

6 Study Results

As a result of the literature review and the consultations carried out, it was possible to conclude the relevance of the creation of the national network for Young Agribusinesses, since the networks bring extremely positive impacts for SMEs, especially the economic, behavioural and learning benefits.

- 4) The economic impacts are derived from activities such as the participation and commercialisation of products in fairs, improvement of productive processes, price negotiation with the client, access to new representatives, guarantee of credit supply, commercialisation of products between companies and obtaining economies of scale.
- 5) The behavioural impact is observed in the existence of collective spirit among entrepreneurs, which is fundamental for the existence of cooperation.
- 6) And lastly, the learning impact results from the strong interaction between companies and the access to courses and lectures on business development.

Besides the above-mentioned benefits, it is necessary to safeguard the following aspects:

- 1) Ensure the inclusion of older producers to allow the transfer of knowledge about production techniques, phases or steps to be obeyed in the production process, as mentioned in this study the average age of labour force is above 39 years old;
- 2) Create mechanisms to attract young people to develop the agricultural activity, as well as, formulas to associate technology in productive practices;
- 3) Guarantee synergies with other institutions that have networks or business associations, including SMEs, in order to ensure greater coordination between the other existing stakeholders, thus avoiding isolated actions.

7 REFERENCES

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8 Appendices

APPENDIX A. DATA COLLECTION TOOLS

Institution	Topical Issues
CTA	<ul style="list-style-type: none"> – How does CTA assess the current stage of youth SMEs in terms of organisation, constraints faced, challenges and opportunities. – Actions taken by the Agribusiness Department to improve the business environment for SMEs, those owned by youth. – Existing mechanisms / platforms for sharing and exchange of information or experience among Agribusiness SMEs? And specifically, from Youth. – CTA's vision on the creation of national network of SMEs in the Agribusiness sector, including expected impacts. – CTA's Suggestions and Recommendations regarding the Study.
MADER	<ul style="list-style-type: none"> – How do you assess the current stage of youth SMEs in terms of organisation, constraints faced, challenges and opportunities. – Existing mechanisms / platforms for sharing and exchange of information or experience among Agribusiness SMEs? And Specifically for Youth. – MADER's vision on the creation of national network of SMEs in the Agribusiness sector, including expected impacts.
IPEME	<ul style="list-style-type: none"> – To understand IPEME's role in the areas/themes covered by each of the studies; – To understand the constraints, challenges and opportunities for SMEs linked to the Agro-Business/Agro-Processing value chain in Mozambique; – Understand the current status of bar code related aspects (regulatory aspects, entities involved, etc.) – Opinion on the creation of the National Youth Network and the National Coordination Platform for the financial and non-financial support to SMEs linked to the Agribusiness/Agro-processing value chain; – To obtain suggestions and recommendations for the success of each of the Studies, including sharing of existing and relevant documentation / materials.
FENAGRI	<ul style="list-style-type: none"> – To understand the composition, structure and organisation by member Association FENAGRI (number of members, areas of action and members' benefits). – To understand the challenges and barriers faced by SMEs operating in the agricultural sector regarding market access in the marketing of their products and access to finance. – FENAGRI's vision regarding the creation of a National Network of SMEs in the Agro-business sector, including expected impacts. – Opinion on the strategic vectors (Pillars/Priorities) to guide a network of this nature.
SME Associations	<ul style="list-style-type: none"> – Structure and organisation of the Network (number of members, areas of activity and member benefits), requirements for joining the network and objectives to be achieved by members outlined.
SBN MOZ	<ul style="list-style-type: none"> – Mechanisms/platforms adopted for sharing and exchange of information or experience and members benefit from these partnerships. – Challenges/constraints facing the members and what would be the proposals and solutions for improvement. In what ways can they be sustainable. – Opinion for creation of national network of SMEs in Agribusiness sector? What socio-economic benefits could be derived from this network.

- How to ensure greater inclusion of SMEs, about benefits, even if they are outside the network or associations.
- Suggestions and recommendations for the success of each of the Studies, including sharing of existing and relevant documentation/materials.

APPENDIX B. LISTS OF RESPONDENTS WITH ILLUSTRATION OF SAMPLES

Institution	Interviewed Person	Interview Date	Status
Confederation of Economic Association of Mozambique - Agribusiness Department	Miguel Joia	16 th of November 2022	<input checked="" type="checkbox"/>
	José Caldeira		
	José Ngale		
	António Vegma		
	Pedro Mosca		
	Pilona Chongo		
	Bento Uachisso		
Confederation of Economic Association of Mozambique - Women's Affairs Department		25 th of January 2023	<input checked="" type="checkbox"/>
Institute for the Promotion of Small and Medium-sized Enterprises	Dario Muianga	21 th of December 2022	<input checked="" type="checkbox"/>
	Francisco Mabunda		
	Messias Cumbi		
	Ab. Mahanjane		
Ministry of Agriculture and Rural Development	Sérgio Sambo		<input checked="" type="checkbox"/>
National Young Entrepreneurs Association	Lineu Canteiro	16 th of December 2022	<input checked="" type="checkbox"/>
National Federation of Agricultural Associations of Mozambique	Hernani Mussanhane	19 th of December 2022	<input checked="" type="checkbox"/>
	Almeida Tomás		
	Sergio Muchanga		
	Octávio Queface		
Mozambican Association of Banks	Alfredo Magaia		<input checked="" type="checkbox"/>
Zambezi Valley Development Agency	Janeiro Salvador	28 th of December 2022	<input checked="" type="checkbox"/>
	Alcides Nhamatate		
SBN MOZ	Rafael Ricardo	28 th of December 2022	<input checked="" type="checkbox"/>

APPENDIX C. TERMS OF REFERENCE FOR THE STUDY



CONFEDERATION OF ECONOMIC ASSOCIATION OF MOZAMBIQUE (CTA)

TERMS OF REFERENCE

Design and Implementation Strategy and Plan for Strengthening of the National Network of Youth Agribusinesses/SMEs (Support for Meetings, Networking)

1. Background and Purpose

Agriculture and agro-processing offers great potential, as Mozambique has excellent agro-climatic conditions with only 15 % of arable land is being utilized. This presents an opportunity for the development of SMEs in agro-processing and agribusiness in the country. Agriculture sector accounts more than 28% of the GDP and is the largest contributor to employment (42%). However, Agribusiness is a sector that holds enormous 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 modern technology. The main constraints faced by Young SMEs in Mozambique, among others are 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.

It is within this context that Confederation of Economic Associations of Mozambique (CTA)/ African Development Bank (AfDB) has launched the initiative for Strengthening the Productive and Entrepreneurship Capacities of Agro-processing/Agribusiness SMEs Associations to Integrate Regional and Continental Value Chains. To contribute to the achievement of the initiative the Consultant is requested to undertake a Design and Implementation Strategy and Plan for Strengthening of the National Network of Youth Agribusinesses/SMEs (Support for Meetings, Networking).

2. Objectives of the Study

2.1. Overall Objective

The overall objective of the assignment is to ensure that Youth Agribusinesses SMEs has guidance for exchange experience and knowledge that would foster their rapid growth on the business and access to regional and continental markets.

2.2. Specific Objectives

The consultancy is expected to meet, among others, the following specific objectives:

- Map existing Youth Agribusinesses SMEs and establish contacts with them;
- Assess the Youth Agribusinesses SMEs willingness to create a National Network;
- Identify youth agribusinesses entrepreneurs to integrate installation committee of the National Network and assist in the operationalization process;
- Define strategic guidelines and options for development of National Network of Youth Agribusinesses SMEs;
- Ensure buy-in of the strategic guidelines and options for development of National Network by all involved stakeholders;
- Prepare a strategy for development of National Network of Youth Agribusinesses SMEs and action plan for implementation, including, human, material a financial resources requirement and funding alternatives.

3. Methodology

The study will use a combination of quantitative and qualitative methods. Quantitative data will be obtained from CTA databases, and from studies (if existent). Qualitative analysis will be based on the data and information generated by existing research as well as by the desk review of existent documents. The team will generate additional qualitative data through semi-structured interviews and as with key stakeholders and through Young Entrepreneurs and SMEs beneficiary of the Project.

An analysis of the current situation of agribusiness business networks, with the following activities, should be performed:

- Determine the importance of business networks or associations to mitigate the barriers faced by SMEs;
- Interviews at Central and Provincial (Secretary of State for Youth and Employment, National Youth Council and other Youth Association), Donors supporting Youth Associations in Mozambique, relevant experts, Private Sector representatives (Head office of CTA, CEP and others);
- Elaborate a benchmarking of the existing national and international business networks;
- Design the Strategic Plan for Strengthening the National Network of Youth Agribusinesses SMEs.

Considering the above objectives and scope of work, the table below presents the list of key stakeholders and a summary of their relevance to the study:

Stakeholders	Relevance
CTA/ Pelouro Agro-Negócio, Nutrição e Indústria Alimentar	<ul style="list-style-type: none"> ▪ Get an insight into the functioning and impact of agribusiness SMEs in the country ▪ Understanding of the actions taken by the department to improve the business environment in which agribusiness SMEs are inserted; ▪ Opinion on the creation of the National Network concerning: the functional model, the main members of this network and inclusion mechanisms.
MADER/ Conselho Coordenador do Sector Agrário (CCSA)	<ul style="list-style-type: none"> ▪ Obtain information on the functioning and implementation plan of the coordination platforms in the agricultural development corridors to serve as a guideline or basis for evaluating the creation of the Coordination Committee; ▪ Validate key members pre-selected by CTA to join the Co-ordination Committee.
GAPI	<ul style="list-style-type: none"> ▪ Understand how the support programs for SMEs operating in the agribusiness value chain work and how GAPI has ensured their sustainability; ▪ Understanding of the actions taken by the GAPI to improve the business environment in which agribusiness SMEs are inserted;

Stakeholders	Relevance
	<ul style="list-style-type: none"> ▪ Opinion on the creation of the National Network concerning: the functional model, the main members of this network and inclusion mechanisms.
MIC/ DASP	<ul style="list-style-type: none"> ▪ Understand the main challenges and opportunities existing in the agribusiness value chain; ▪ To gain an understanding of the initiatives developed for the promotion of SMEs in agribusiness.
IPEME	<ul style="list-style-type: none"> ▪ Obtain data on the number of MSME associations, distribution of MSMEs and their structuring to serve as a basis for the situational framework; ▪ Opinion on the creation of the National Network concerning: the functional model, the main members of this network and inclusion mechanisms.
SME Associations/ Platforms	<ul style="list-style-type: none"> ▪ To understand the composition, structure, and organization by Association (number of members, areas of action and members' benefits) to support integration in the Coordination Committee; ▪ Understand the existing challenges and barriers to ensure market access in marketing their products.
AMB - Mozambican Banks Association	<ul style="list-style-type: none"> ▪ To validate the current context of the Mozambican financial market for SMEs with an emphasis on credit lines and access requirements per financial institution for this target group; ▪ To validate the status of funding programmes/product incentives available for the agricultural sector.

4. Expected Results

- Strategic Plan for Strengthening the National Network of Youth Agribusinesses SMEs, Including Implementation Strategy.
- Draft Report on the design and implementation Strategy and Plan for Strengthening the National Network of Youth Agribusinesses SMEs (Support for Meeting and Networking).
- Final Report on the design and implementation Strategy and Plan for Strengthening the National Network of Youth Agribusinesses SMEs (Support for Meeting and Networking).