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**Diversify and add more value to the agro-industrial sector**

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



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# Presentation structure

- Contextualization
- MATERIALS AND METHODS
- Objectives
- Assessment of the agro-industrial situation in Mozambique
- Policies for the promotion of agribusiness.
- Analysis of the strengths, weaknesses, opportunities, and threats of the national industry.
- Objective of PRONAI
- Project typology
- Conclusion

# Contextualization

- It is with great enthusiasm that the Ministry of Economy of Mozambique presents, in summary, the efforts that the country has been adopting and implementing to diversify and add more value to the agro-industrial sector, increase exports, boost local production and consequently implement the agro-processing of primary products with the aim of gradually reducing dependence on imports of products that the country produces with quality.
- Mozambique is considered a major destination for foreign direct investment (FDI) in Southern Africa. In many cases unparalleled, for foreign investors seeking to invest in priority sectors such as gas, mining, construction, energy, agriculture, and tourism, among others, Mozambique's vast natural resources, extensive coastline with deep-water ports, favorable climate, fertile soil, and privileged geographical location as a gateway to landlocked countries in Southern Africa make it an attractive investment destination. With the greatest electricity potential, especially hydroelectric, among the countries of the Southern African Development Community, and the largest natural deep-water port on the east coast of Africa, in Nacala, Mozambique stands out for its significant agricultural sector, which employs approximately 70% of the population.

- However, despite Mozambique's diverse strengths, the country has faced several challenges, namely, high unemployment, insufficient investment in priority sectors due to a lack of adequate infrastructure, and social inequalities. The climate of political instability, particularly the situation in Cabo Delgado, threatening the possibility of conflict and terrorism, as well as the country's exposure to natural disasters such as floods, droughts, and cyclones, have had an immediate impact on Mozambique's economy and the quality of life of its people.

# MATERIALS AND METHODS

- The work is focused on researching the Mozambican agro-industrial ecosystem, analyzing the past, present, and future prospects. The research is applied in nature, as the results generated a useful understanding for strengthening policies oriented towards the agricultural sector in Mozambique. The philosophical conception adopted for the research is interpretivism.
- The research falls under a mixed approach that encompasses both qualitative and quantitative methods, as it involved the analysis and interpretation of information describing the present and future of agro-industrial policies, the balance of agricultural production, marketing, and exports of the Mozambican agro-industrial sector, reports prepared by the Ministry of Economy (ME), the Ministry of Agriculture, Environment and Fisheries (MAAP), as a cross-referenced source for generating the requested information, and statistical export data.

# Objectives

- Objectives
- Presentation of Mozambican agro-industrial sector policies
- Specific Objectives
  - To present Mozambique's efforts to diversify and add more value to its agricultural production and exports,
- SWOT analysis.
- Objective of PRONAI
- Conclusion

# Policies for the promotion of agribusiness.

- Given the need for the Government to adopt policies that promote greater dynamism in the industrialization process, particularly in the agro-industry, through modernization and diversification, promotion of investments and increased industrial competitiveness, in the face of the challenges of greater use of local raw materials to increase industrial production, greater consumption of national products and reduction of crude exports, the following guiding instruments were developed
- National Development Strategy (ENDE) 2021-2035
- The Government's Five-Year Program (PQG) - 2020-2024
- Industrial Policy and Industrial Strategy PEI 2016-2025
- National Program to Industrialize Mozambique (PRONAI)



With the implementation of PRONAI, the aim is.

- Using industrialization as an instrument of economic policy.
- Increase the industry's contribution to the sustainable growth of the macroeconomy.
- To improve the situation of Mozambique's foreign trade.

Analysis of the strengths, weaknesses, opportunities, and threats of the national industry.

**Strengths:**

**Availability of raw materials for agribusiness;**  
**Abundant fishing, water, and marine resources;**  
**Abundant natural resources (forests);**  
**Occurrence of mineral and petroleum resources;**  
**Energy potential;**  
**Emergence of coastal shipping;**  
**Demographic dividends;**  
**Attractive tax laws.**

**Weaknesses:**

Dependence on some imported raw materials; Deficit in supporting infrastructure; Unattractive financing conditions; Low competitiveness of national products; Deficient qualification of human capital in the industrial sector; Low consumption capacity in the local market; Business attitude; Weak research capacity focused on industry.

**Opportunities**

Expansion of the global food market; Implementation of investments and projects in logistics infrastructure; Emergence of the oil, coal, and iron industries, which can catalyze other industries; Local, regional, and international demand for industrial products that can be produced locally (paper, pharmaceuticals and medical supplies, food industry products, etc.); Friendly relations between the Government of Mozambique and bilateral and trilateral agencies.

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**Threats:**

Political and military instability in the central region of the country and insurgency in Cabo Delgado; Regional and external competition; Uncertainties regarding pandemic control and its impact on industry; High rates of smuggling and product counterfeiting; Climate change; Increasing costs and shortage of skilled labor.

# Objective of PRONAI:

To contribute to increased national industrial production, prioritizing the use of local raw materials, stimulating production and marketing, as well as contributing to rural transformation and generating employment and income, especially for young people and women. Specifically, PRONAI aims to:

- Increase industrialization and productive diversification;
- Increase productivity and diversification of production;
- Increase the competitiveness of national companies;
- Improve the trade balance, increasing exports and encouraging competitive import substitution;
- Contribute to the increase in GDP and the contribution of the manufacturing industry to GDP;
- Contribute to increasing the supply of jobs and income for the population;
- Increase the attraction of investments.

# Conclusion

- The national economy presents considerable potential in the primary sector, driven by the existence of natural resources. The main challenge is the development of industries that allow for the sustainable exploitation and transformation of these resources.
- Diversifying the national economy forms the basis for more stable, comprehensive, and sustainable growth. The country needs to expand and diversify its industry beyond mineral resources by creating industrial parks in areas with potential for agricultural, fishing, and forestry exploitation, as well as taking advantage of its wildlife, energy, and tourism potential.

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- Tanks for attention