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THE AGRICULTURAL MARKETING REFORMS ANNOUNCED BY THE PRESIDENT IN RIBAUÈ BETWEEN INTENT AND INSTITUTIONAL CAPACITY

Yasser Arafat Dadá[1]

INTRODUCTION

In May 2026, in the district of Ribauè, Nampula province, President Daniel Chapo launched the 2026 Agricultural Marketing Campaign and announced a set of reforms that, in his words, aim to open "a new chapter in the agricultural marketing landscape in Mozambique", one in which the producer "ceases to be the most fragile link in the chain and comes to be recognised as the true engine of the national economy." The central measures include: the exclusive reservation of direct contact with producers at district, administrative post, and locality level to Mozambican national operators, with foreign traders confined to provincial capitals; the mobilisation of the Mozambique Commodity Exchange (BMM) as a price reference platform and organised trading venue; a requirement placed on the Institute of Cereals of Mozambique (ICM) to ensure that no producer is left without a buyer; and a commitment to agro-processing and rural agro-industrialisation under the National Programme to Industrialise Mozambique (PRONAI).

This Destaque Rural analyses these measures from a multidisciplinary perspective, economic, institutional, political, and historical. The central argument is twofold: on the one hand, the intentions underlying the reforms are legitimate and the diagnosis that informs them is correct (the Mozambican producer is indeed the weakest link in the marketing chain, subject to information asymmetries, zero bargaining power, and systematic exploitation). On the other hand, the announced measures face risks of ineffectiveness, unanticipated perverse effects, and the reproduction of the very patterns of exclusion they seek to correct, unless they are accompanied by institutional reforms within the bodies tasked with implementing them, real investment in market infrastructure, and explicit protection of smallholder interests throughout the entire chain, and not only at its first node.

The paper concludes with recommendations designed to address the gaps in the announced measures.

[1] Yasser Arafat Dadá, Economista e Mestre em Desenvolvimento e Cooperação Internacional pela Universidade de Lisboa. Doutor em Estudos de Desenvolvimento. Director e Pesquisador do OMR.

1. THE CORRECT DIAGNOSIS: THE PRODUCER AS THE WEAKEST LINK

1.1. The reality of agricultural marketing in Mozambique

To assess fairly the reforms announced by President Chapo in Ribauè, it is essential to begin by acknowledging that the diagnosis underlying his statements is factually correct and grounded in documented reality. The family farmer is, in a structural and recurrent manner, the most vulnerable actor in the agricultural marketing chain. This vulnerability rests on at least five convergent mechanisms that the economic literature on agricultural markets in low-income contexts identifies as determinants of producer exploitation patterns (Reardon & Timmer, 2007[2]; Barrett, 2008[3]).

The first is price information asymmetry. The producer in Angónia or Malema who wishes to sell maize rarely has access to up-to-date information on prices prevailing in Maputo, in the city of Nampula, or in export markets. The trader who travels through the districts knows exactly what prices are at destination markets and uses that information to buy from producers at prices significantly below the market rate, capturing the bulk of the chain's margin. The BMM explicitly identified this problem, acknowledging the existence of "traders who visit the machambas" (O Económico, 2019[4]) to take advantage of producers' lack of information.

The second is post-harvest liquidity pressure. The subsistence farmer who has just harvested typically needs cash immediately, to repay debts incurred during the production cycle, to cover school fees, or to purchase inputs for the next season. This urgency structurally prevents producers from waiting for a better price or storing their produce until prices rise. The result is what the literature terms the "harvest poverty trap": producers sell cheaply during the season of plenty and buy dearly during the season of scarcity, transferring income to intermediaries[5].

The third is the absence of individual bargaining power. A farmer selling two or three tonnes of maize has no capacity to negotiate prices with a trader buying hundreds of tonnes per season. The fragmentation of producers, in contrast to the relative concentration of traders, is a structural source of market power imbalance that cannot be corrected unless accompanied by producer organisations with sufficient scale to negotiate collectively.

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[2] Reardon, T., & Timmer, C. P. (2007). Transformation of markets for agricultural output in developing countries since 1950. Handbook of Agricultural Economics, 3, 2807–2855. https://doi.org/10.1016/S1574-0072(06)03055-6

[3] Barrett, C. B. (2008). Smallholder market participation: Concepts and evidence from eastern and southern Africa. Food Policy, 33(4), 299–317. https://doi.org/10.1016/j.foodpol.2007.10.005

[4] O Económico. (2019, 1 November). Mozambique Commodity Exchange without funds for greater performance. https://www.oeconomico.com/organizacao-do-mercado-bolsista-de-mercadorias/

[5] Dadá, Y. A. (2025). Peasant production strategies: The case of Búzi. Observatório do Meio Rural. https://omrmz.org/wp-content/uploads/2025/12/Livro-Yasser-Dada.pdf

The fourth is logistical dependence on the trader. In remote rural areas where roads are poor, regular transport is absent, and freight costs are prohibitive for the smallholder, the trader who arrives in the village with a vehicle is the only available alternative and the sole price-setter.

The fifth mechanism is the weakness of public institutions supporting marketing. The ICM (Institute of Cereals of Mozambique) has a mandate to serve as the "buyer of last resort" but its effective intervention capacity is constrained by funding limitations, territorial reach, and storage capacity (ICM, n.d.)[6]. The BMM has existed since 2012 but is characterised by a "vicious cycle of underutilisation and low, irregular trading volumes" (O Económico, 2022)[7]. These two instruments are presented as central pillars of the new marketing architecture, but their institutional track record suggests that this centrality must still be built.

1.2. The 2026 campaign and production targets

The marketing reforms are announced in a context of significant agricultural growth. According to data from the Ministry of Agriculture, Environment and Fisheries (MAAP), total projected output for the 2026 agricultural season stands at approximately 21.3 million tonnes, a 26% increase over the previous season (Notícias ao Minuto, 2026[8]). Of this total, an estimated 14.615 million tonnes are expected to enter commercial channels, with 60% to be marketed during the campaign's peak period and the remaining 40% gradually absorbed through the end of the year.

This production growth is significant but immediately raises the central question identified by the President: the success of agriculture is not measured by volume alone, but also by the ability to ensure that produce reaches the market in a timely manner, in good condition, at fair prices, and with a real impact on improving the income of the Mozambican people (Notícias ao Minuto, 2026). It is precisely in this intersection of production and marketing that the announced reforms seek to intervene. The intention is sound, but *as* the announced tools are insufficient for the scale of the problem, and some carry risks of unanticipated effects that deserve careful scrutiny.

[6] Instituto de Cereais de Moçambique. (n.d.). Institutional profile. ICM. https://icm.gov.mz/quem-somos/

[7] O Económico. (2022, 28 September). Commodity Exchange launches information and trading system. https://www.oeconomico.com/bolsa-de-mercadorias-lanca-sistema-de-informacao-e-negociacao/

[8] Notícias ao Minuto. (2026, 17 May). Mozambique projeta projects over 21 million tonnes of food production. https://www.noticiasaominuto.com/economia/2991014/mocambique-projeta-mais-de-21-milhoes-de-toneladas-de-alimentos

2. THE ANNOUNCED REFORMS

2.1. The reservation of direct contact with producers for national operators

The most politically prominent measure in the President's speech is the one reserving direct contact with producers at district, administrative post, and locality levels exclusively for Mozambican national operators, while confining foreign operators to provincial capitals. In his words: "Foreigners are not prohibited from coming to buy, but they buy in the city of Nampula, in the city of Lichinga, only in Pemba, that is, in the provincial capitals. At district level, administrative post, locality, and direct contact with the producer is reserved for the Mozambican national" (Notícias ao Minuto, 2026).

This measure has a comprehensible political and economic logic. In several northern provinces, a significant share of the traders who travel through the districts to purchase produce directly from farmers are foreigners, predominantly of Asian origin, who typically operate with greater liquidity, better market information, and greater mobility than local traders. The perceived effect is that these foreign operators capture a disproportionate share of the chain's margin, transferring income out of the local and national economic circuit. Reserving district-level market space for nationals aims to create a protected market in which Mozambican traders can accumulate capital and experience without competing against structurally advantaged operators.

However, this measure carries serious risks that the presidential rhetoric does not address. The first is the risk of a reduction in liquidity and purchasing volume in rural areas. The foreign operators who currently travel through the districts do so because they have capital to purchase large volumes, vehicles for transport, and marketing networks to realise the value of their purchases[9]. If they are forced to withdraw to provincial capitals, the question is: are there national operators with sufficient capital, logistics, and networks to substitute this purchasing flow? The experience of similar measures in other African countries (Malawi and Zimbabwe in the 1990s and 2000s) suggests that restricting foreign traders without a national entrepreneurial class prepared to replace them can result in lower demand, lower producer prices, and greater difficulty in marketing output (Dorward et al., 2004)[10].

The second risk is that of capture of the measure by established interests. Reserving the district market for the "Mozambican national" may, in practice, benefit not the small local trader operating at village fairs, but the politically well-connected national trader who secures the licence and the privileged position. Without clear criteria for eligibility, without transparency in licence allocation, and without effective enforcement, this measure may simply substitute a foreign oligopoly with a domestically connected one.

[9] DAI. (n.d.). Mozambique—Innovation for Agribusiness (InovAgro I, II, III). https://www.dai.com/our-work/projects/mozambique-innovation-agribusiness-inovagro

[10] Dorward, A., Kydd, J., Morrison, J., & Urey, I. (2004). A policy agenda for pro-poor agricultural growth. World Development, 32(1), 73–89. https://doi.org/10.1016/j.worlddev.2003.06.012

The risk of patrimonialism, the use of economic policy measures to redistribute rents to networks of political loyalty, is real and documented in similar contexts (Pitcher, 2002)[11].

The third risk is that of tax informality and the parallel market. If the foreign operators currently active in the districts are legally prohibited from operating there, they may simply continue to do so illegally, using national intermediaries as "front men," or operating without a licence in an environment of weak enforcement. In rural markets with low state supervisory capacity, a formal prohibition rarely translates into the effective absence of the prohibited actors. The result may be the perpetuation of the same pattern of producer exploitation, with the added cost of corruption (payments to authorities to tolerate irregular operations).

For this measure to produce the intended effects, it would need to be combined with: a capacity-building and financing programme for national traders to enable genuine competition; transparent and publicly accessible eligibility and licensing criteria; a territorially effective enforcement system; and mechanisms for reporting and monitoring prices received by producers, to assess whether the measure is in practice improving producer selling conditions.

2.2. The BMM: a platform with potential and a troubled track record

The second pillar of the announced reforms is the mobilisation of the BMM as a price reference platform and organised trading venue. The President was explicit: "This is where we want to draw attention to the role of the Mozambique Commodity Exchange, urging it to become a genuinely central platform in the agricultural marketing process, setting reference prices and applying fair market rules, with the useful objective of protecting the producer" (Notícias ao Minuto, 2026).

The potential of the Mozambique Commodity Exchange as a mechanism for price transparency and market organisation is undeniable. Established by Decree No. 36/2012 of 17 October, the institution's mandate is to establish an organised commodity market, ensuring its organisation, functioning, efficiency, and transparency, including the trading of any type of commodities and contracts[12]. A recently signed memorandum of understanding with the FNDS envisages "reducing market information asymmetries so as to ensure that producers throughout the country have access to price information" and "providing an organised, transparent, and secure commodity trading environment between sellers and buyers" (MAAP, n.d.)[13].

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[11] Pitcher, M. A. (2002). Transforming Mozambique: The Politics of Privatization, 1975-2000. Cambridge University Press.

[12] Republic of Mozambique. (2012, 17 October). *Decree No. 36/2012: Establishes the Mozambique Commodity Exchange and approves its Organic Statute*. Boletim da República, Series I, No. 42. National Press of Mozambique.

[13] Ministério da Agricultura, Ambiente e Pescas. (n.d.). Assinado Memorando de Entendimento entre FNDS e a Bolsa de Mercadorias de Moçambique. https://www.agricultura.gov.mz/assinado-memorando-de-entendimento-entre-fnds-e-o-bolsa-de-mercadorias-de-mocambique-bmm/

The problem is that the BMM has existed for more than a decade and results have been modest. The institutional diagnosis is well known and documented (Dadá and Carlos, 2017)[14]: the exchange is characterised by "a vicious cycle of underutilisation and low, irregular trading volumes" (O Económico, 2022). In 2019, the BMM's Board Chairperson acknowledged that the institution was "without funds for greater performance" and that the electronic trading platforms were "in the pipeline" but not yet operational (O Económico, 2019). In 2022, a digital information and trading system was launched, but its adoption by smallholder farmers in rural areas, with limited access to smartphones and poor connectivity, remains a challenge. In a country where access to electricity in rural areas remains extremely low (approximately 8.9% of the rural population in 2023, according to the World Bank)[15], the assumption that the digitalisation of the BMM will directly and immediately benefit smallholder producers requires, at the very least, serious critical scrutiny.

For the BMM to become the platform the President envisions, three conditions that are currently not guaranteed must be met. First, adequate and stable funding: the BMM cannot fulfil its mandate without qualified human resources, information infrastructure, and territorial outreach capacity. Second, rural connectivity: the reference prices published by the BMM only benefit rural producers if they have access to that information, which requires investment in rural telecommunications and digital literacy. Third, certified storage: the BMM functions best when integrated with certified silos and warehouses where producers can deposit produce and trade warehouse receipts, a model well documented in Kenya and Ethiopia (Onumah, 2010)[16].

2.3. The ICM as buyer of last resort: a safety net with wide gaps

The third element of the reforms is the requirement directed at the ICM to ensure that "no producer faces a production incident due to lack of a buyer" (Notícias ao Minuto, 2026). This formulation is, in its conception, an essential safety mechanism: it establishes a public commitment that the State will intervene when the market fails. In theory, this type of intervention protects producers against the risk of being unable to sell their output, stabilises minimum prices, and encourages productive investment.

In practice, however, the ICM faces structural limitations that undermine this ambition. The new Director-General, Luís José Job Fazenda, acknowledged in November 2025 that the institution "will enter a phase of transformation" and plans to expand its storage

[14] Dadá, Y. A., & Carlos, D. (2017, July). Mozambique Commodity Exchange (BMM): Objectives and Realities. Observatório do Meio Rural. https://omrmz.org/destaque_rural/dr-23-bolsa-mercadorias-mocambique-bmm-objectivos-e-realidades/

[15] World Bank. (2025). Access to electricity, rural (% of rural population) - Mozambique. World Bank Open Data. https://data.worldbank.org/indicator/EG.ELC.ACCS.RU.ZS?locations=MZ

[16] Onumah, G. (2010). Implementing warehouse receipt systems in Africa: Potential and challenges. In A. Sarris & J. Morrison (Eds.), The Evolving Structure of World Agricultural Trade. FAO.

capacity (Jornal Visão Moçambique, 2025)[17], which is an implicit acknowledgement that current capacity is insufficient. An institution that needs to transform itself in order to fulfil its basic mandate cannot be presented as an immediate guarantee that no producer will be left without a buyer in a campaign with 14.6 million tonnes to be marketed. The gap between the declared commitment and installed institutional capacity is a source of disillusionment, for the producers who will be left without buyers, and for the credibility of the promises themselves.

Moreover, the ICM's management of export quotas has a troubled track record of opacity and corruption potential. Carta de Moçambique documented in March 2025, in connection with cowpea exports to India, that the administrative allocation of quotas "gave rise, in the past, to an endless system of influence-peddling and illicit payments" (Carta de Moçambique, 2025)[18]. If the strengthening of the ICM's role as a market intermediary is not accompanied by transparency, auditing, and accountability mechanisms, the risk is that the concentration of power in the institution will reproduce, or amplify, the governance problems that already characterise its operations in some areas.

2.4. Agro-processing and PRONAI

The fourth element of the reforms is the commitment to rural agro-industrialisation within the PRONAI framework. The vision is eloquently expressed in the President's words: "We want to see the maize grown by our people generate flour produced in Mozambique. We want to see cashew nuts, sesame, groundnuts, and so many other crops drive the emergence of new factories, creating employment for our families, our sisters, Mozambican women, and generating income and employment for our youth and prosperity for the Mozambican people" (Notícias ao Minuto, 2026). This vision, of substituting raw material exports with processed product exports, is economically sound and aligned with the classical literature on industrial development (Hirschman, 1958)[19].

The problem lies not in the vision but in the conditions required to realise it. Rural agro-industrialisation requires: reliable energy (which most Mozambican districts do not have); access to long-term investment credit (which the Mozambican financial system does not provide in accessible form to small and medium rural entrepreneurs); skilled labour (which the rural vocational training system is not equipped to supply at scale); and output markets for processed goods (which depend on distribution systems and purchasing power that do not yet exist across much of the territory).

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[17] Jornal Visão Moçambique. (2025, 17 November). ICM plans to expand storage capacity and strengthen national cereal production. https://jornalvisaomoz.com/icm-preve-ampliar-capacidade-de-armazenamento-e-reforcar-producao-nacional-de-cereais/

[18] Carta de Moçambique. (2025, 27 March). Letter to the Reader: this announcement from the Institute of Cereals of Mozambique smells of corruption. https://cartamz.com/textos-de-marcelo-mosse/41886/carta-ao-leitor-este-anuncio-do-instituto-de-cereais-de-mocambique-cheira-a-corrupcao-caro-alfredo-nhampuio/

[19] Hirschman, A. O. (1958). The Strategy of Economic Development. Yale University Press.

The agro-processing question also has a gender dimension that the Ribáuè speech did not develop sufficiently. Women constitute the majority of the agricultural workforce and are the principal artisan food processors in rural communities. An agro-industrialisation policy that does not explicitly integrate women as entrepreneurs and as skilled workers in the new industrial units, with access to credit, training, and ownership of those units, will reproduce the historical pattern in which women do the work and men capture the income.

3. THE OMISSIONS OF THE RIBÁUÈ SPEECH

3.1. Agricultural credit

The President's speech is relatively silent on the financing mechanisms that would make these intentions achievable. Agricultural marketing in Mozambique is constrained not only by the absence of buyers or price platforms, but by the absence of accessible credit that would allow farmers to store their produce (rather than selling immediately under liquidity pressure), and that would allow small-scale national traders to have the capital to purchase and wait for the best moment to sell. The Agricultural Marketing Credit Line (LCCA), managed by the ICM in partnership with GAPI, financed 260 operations totalling 374 million meticais since 2018 (MZNews, 2022)[20] (a useful figure, but far below the requirements of a campaign of the announced scale).

3.2. Transport and rural logistics

Dadá (2026)[21], fuel and logistics are the cross-cutting factors that determine the economic viability of any agricultural marketing system. The Ribáuè speech did not address the 45.5% increase in the price of diesel, nor its consequences for the cost of moving the produce that is intended for commercialisation.

The 2026 marketing campaign comes at a moment when road hauliers have just negotiated emergency subsidies with the Government to avoid fare increases. If transport tariffs rise in the coming months, a plausible scenario given the current diesel price level and future projections, the cost of moving produce will rise and the national traders the Government seeks to promote will face exactly the same compressed margins as their foreign predecessors. The State must promote a class of national traders by ensuring that the operational conditions under which they will have to function are economically sustainable.

[20] MZNews. (2022). ICM e Gapi programam reforço da comercialização agrícola. https://mznews.co.mz/en/icm-e-gapi-programam-reforco-da-comercializacao-agricola/

[21] Dadá Y. (2026). Fuel as an agricultural production factor: The invisible cost in Mozambique's value chain. Destaque Rural. https://omrmz.org

3.3. Producer organisations

The Ribáuè speech places the producer at the centre of the rhetoric but does not substantively address the strengthening of producer organisations as collective actors with bargaining power. The international evidence is unequivocal: individual producers, however much the State may regulate buyers, remain structurally vulnerable to rent extraction by intermediaries for as long as they lack the capacity to negotiate collectively, to consolidate volumes, to share price information, and to access storage and credit jointly. The Mozambican producer cooperatives and associations (UNAC, district federations, cashew, cotton, and bean associations) are the actors who could transform the power relationship in the marketing chain. Their strengthening should be the backbone of any reform of the sector.

3.4. The risk of the recurrent cycle: announcement, weak implementation, forgetting

A well-established historical pattern in Mozambican agrarian policy is the announce-implement-forget cycle: structural measures are announced with great visibility in the context of campaigns or initiative launches, but subsequent implementation is weak, under-structured, and under-resourced, resulting in impact far below the expectations created. The BMM itself is an example of this trajectory: established in 2012 with ambitions to transform agricultural marketing, it continues in 2026 to be described as a platform with unrealised potential. The ICM has existed for decades with the mandate of being the buyer of last resort. The 2025 campaign slogan "Agricultural marketing as a driver of the local economy and industrialisation" (AIM, 2025) closely mirrors the 2026 campaign motto "Agricultural marketing: driving business and value chains," which suggests that the same intentions repeat year after year without the structural conditions that block them being effectively resolved.

4. WHAT IS NEEDED FOR THE REFORMS TO WORK

The first condition for the reservation of the district market for nationals to produce real effects is its translation into clear, publicly accessible, and enforceable regulation. The President announced a "legislative reform" but without specifying the legal vehicle, the timeline, or the eligibility criteria. It is recommended that this reform be submitted to a public consultation process including producer associations, national traders, and civil society organisations, and that the resulting regulation be accompanied by a simple, transparent, and decentralised licensing system.

The second condition is that the BMM and the ICM receive adequate and stable funding to fulfil the mandates the President publicly assigned to them. An exchange without funds cannot serve as the price reference platform for a campaign involving 14.6 million tonnes. A buyer of last resort without storage capacity and without intervention credit cannot guarantee that no producer will be left without a market outlet. The 2027 State

Budget must include specific and transparent allocations for the operational strengthening of these two institutions, with measurable targets and public performance reports.

The third condition is investment in the strengthening of producer organisations. This investment should include training in business management and commercial negotiation; support for access to collective credit; and integration into the BMM's price information platforms. When producers negotiate collectively, with information and with volumes that command buyer attention, market power asymmetry is structurally reduced — not merely through the regulation of intermediaries.

The fourth condition is explicit articulation between agricultural marketing reform and rural transport and fuel policy. The Government must create a mechanism to monitor the logistical cost of agricultural marketing, and ensure that this mechanism directly informs decisions on the Fuel Stabilisation Fund and on any agricultural transport subsidies.

The fifth condition is that the reforms be evaluated not only by aggregate indicators of marketed volume but also by inclusion indicators: what proportion of the beneficiaries of the new marketing mechanisms are women? What proportion are young farmers? What proportion are producers from the most remote and poorest regions? Without disaggregated indicators, structurally sound reforms may have regressive distributive effects, benefiting the producers already better integrated into markets and leaving behind the most vulnerable.

FINAL REMARKS

In Ribáuè, President Daniel Chapo announced a legitimate ambition: to place the Mozambican producer at the centre, rather than the periphery, of the agricultural marketing system. The diagnosis is correct. The intention is necessary. But a good intention expressed in a speech and a sound policy implemented with adequate resources and institutional capacity are two very different things. The Mozambican producer has heard, across many marketing campaigns, promises that the State would stand by their side — and continued to be the weakest link: selling cheaply, buying dearly, and losing income to better-informed and better-capitalised intermediaries. The difference this time will only prove meaningful if the intentions of Ribáuè are translated into regulation, adequate funding, the strengthening of producer organisations, investment in market infrastructure, and articulation with transport, credit, and energy policies.

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E-mail: office@omrmz.org
Address: Rua Faustino Vanombe, nº 81, 1º Andar.
Maputo – Mozambique