

FOOD SECURITY AND THE MUEDA PLATEAU: URBAN PHYSICAL SUPPLY - RURAL INCOME ENTITLEMENTS

(NOTES BY R. H. GREEN)

1. There are prior references to this issue in SSPA minutes. The main substance follows: It raises a number of more general issues.
2. The Mueda Plateau is relatively fertile land with relatively assured rainfall. Therefore, like Angonia, it is a national breadbasket. It has been a grain exporting area since the 1950's and probably the 1930's. Pre independence production for sale was mixed - colon, African predominately the latter in 1960's-1970's. Grain purchase and return sale of merchandise was by itinerantes - colon traders with a lorry who travelled out from warehouse/shop in Mueda, Moicimba or smaller towns to buy produce/sell goods. The main markets were Beira (and sometimes Maputo) by sea and Pemba (earlier by sea, later by road).
3. Moicimba was (is) the nearest port to the Plateau and was (is) connected to it by a good road. It has a fair harbour. The quay, however, is only able to handle 500 tonne (?) vessels. It is now used by the log trade. Grain (plus cement, fertiliser, general cargo) was lightered (flat bottom self propelled, snub nosed, shallow draught, open vessels like small barges) out to 1,000 to 1,500 tonne cabotage vessels.
4. The system was weakened before independence (the plateau was a war zone) and more so at independence (the itinerantes literally drove off into the sunset in their lorries leaving a very limited number of, largely Indian ancestry, merchants. Some of cabotage vessels sailed off to the south, port maintenance declined). But the full breakdown comes at some time in 1983-1985 period:
 - a. lighters went out of operation - engines worn out;
 - b. Navique's cabotage service became increasingly unreliable;
 - c. Road to Pemba was cut (near Pemba) isolating Plateau from bank credit (only branches able to authorise loans are in Pemba) and from government/empresa agents who sat in offices (or on beaches) in Pemba which over 1985-1991 was virtually an enclave accessible only by sea (or light plane which Provincial administration, let alone banks, did not use to maintain contact with Mueda).
5. Since 1989 I have tried to reinterest Ministries in Mueda. (Saude an honourable exception together with Agua - they kept postos/centros, some rural water projects going.) In one sense an 'easy' rural area once there - Renamo never had much of a presence on plateau

and never cut off link to Moicimba.) This had some impact e.g. first Agricultura national director visit in 4 years and came back enthusiastic, renewed EU visits. **But** transport problems because clear especially for commerce/small farming household market access.

6. There are three basic problems:

- a. **working capital** (logically bank credit) to crop buyers (especially merchant transporters). At least at farm or village collection levels, Agricon cannot compete with goods out/produce back operators who are full both out and in and have two set of business to earn margins whereas Agricon goes out empty and has only grain buying margins. Snags here are: a) Mueda, Moicimba have bank branches but so poorly staffed they are not allowed to make loans; b) BCM and BPD are so scared of more bad debts they are very hesitant about lending (no S-T branch even in Pemba);
- b. **limited lorries** on Plateau or in Moicimba. Public and private sector fleets in Pemba but concentrate on Pemba/Plateau and Pemba/Nacala, Pemba/Nampula highways not Mueda/Moicimba let alone small road retail business. Merchants need to be able to get back out to villages. They physically lack lorries and, in most cases, cash or access to term credit to buy them. (The road is open and usable - not ideal condition.)
- c. **no functioning port** at Moicimba. The lighters remain (at least until 1995) defunct. The quay is too shallow for economic size vessels for grain. The cabotage service of 1,000-1,500 class is also an historic memory (nearly inevitably with no lighters albeit whole coastal fleet is now too few).

7. As a result potential 50,000-75,000 tonne Plateau maize surplus rots in fields, moulds or feeds borer beetles in warehouses or is not planted while we beg for food aid for cities. And small farming family sector (outside cashew areas) is deeply impoverished because it has no buyers for its potential maize surplus. And commercial sector not very dynamic (or large - new people don't come in) because low crop sales by households mean low sales to them by merchants and combined low turnover limits profits.

8. **What is to be done?** This case is one in which historic memory and analysis really do give a first draft for a prioritised action agenda which is - at the very least - a print out for articulating a coordinated action programme.

- a. **reactivate Moicimba.** The key to that is **lighters**. If they are 10 tonne ones, for 100,000 to 150,000 tonnes cargo a year and 4 round trips a lighter a day need 13 to 15 (4 x 10 tonnes x 300 days = 12,000 tonnes a year per lighter). Those numbers need to be checked but there is a Small Ports Authority with a Portmaster on spot who can do it (should have done so long ago.) Similarly design and size need to be thought out

(what Portuguese used in 1950's-1970's may or may not be suitable vintage now).

With a clear set of specifications some donor (Nordic? Canada? Netherlands?) should be convincible. Including some light cranes, warehouse repair, etc. the order to magnitude of cost may be \$2 million (could be less). If cargo 100,000 tonnes could be port revenue on it of \$1 million plus a year.

9. Ensure **cabotage service** exists once port is able to handle it. From Berbera/Aden through Mtwara and from Durban through Walvis Bay there are viable cabotage operations which do serve minor ports. These range from modest size companies with 10 or so fairly modern 1,000 to 2,500 tonne vessels to old 500 to 1,000 tonne one vessel family enterprises. Basic cargoes - grain, charcoal, cement, drums of fuel, roofing sheet, fertiliser, general consumer goods. All private (expect perhaps Safmarine in South Africa and a fairly small passenger oriented line Dar-Mafia-Kilwa-Lindi-Mtwara and a Zanzibar-Dar one). There was a Mozambique parallel. Today there is much less service and largely Maputo-Inhambane-Beira-Quelimane-Nacala-Pemba which are main and middle ports.

Ending Navique monopoly hasn't brought a wave of new entrants - in many cases (e.g. Moicimba) because port facilities are inadequate and/or slow rehabilitation suggests there is little demand. However, also **no hire purchase - term credit - "leasing" facilities** accessible to entrants. A small used but serviceable cabotage ship might cost \$250,000 and a larger new one \$2.5 million. (I believe good condition used would be best entry route for small/medium enterprise. Source for Mombassa and Dar seems to be Europe. North Sea and Baltic coasters are designed for shallow water and bad weather so probably technically suitable and can sail out via Mediterranean.)

10. The next step - if this checklist proves broadly correct - is to see why no action (or not effective) to date and who needs to act, how. ((I've written above in varying degrees of completeness in Minutes/Memos since 1990. Probably has bogged down - until end of war for more urgent concerns and even now Mueda is a small and faraway place viewed from Maputo or even from Pemba and inertia is a terrible foe. For example, Agricon worries about how it could buy grain and cost of road transport via Pemba from monopoly buying and emergency inward shipment days. Tunnel vision and an historic memory tied to a brief atypical period can be very debilitating!

11. Who **can** do what - and **might wish to do so?**

- a. **merchants/transporters** have interest in buying - moving grain if i) economic/dependable transport; ii) business to be done; iii) hire purchase facilities to finance transport equipment and overdraft for purchasing/selling operations.

- b. **Small Ports Authority** (unlike predecessor monolithic Railways and Harbours or even its Harbours Division which lived and died politically and economically on Maputo-Beira, could be helped or hurt by Nacala-Inhambane-Quelimane-Pemba and found minor ports an unrewarding headache) has good reason to wish to see Moicimba (and others, e.g. Xai Xai, Inharrime) thrive. They are its only business so it lives (or dies) on their success (or failure).
- c. **Provincial and District Administrations** (Pemba-Mueda-Moicimba) want prosperous (or at least less poor) people - genuine concern for people, ease of administration, tax revenue, successes for their records to win promotion, etc. For the too Muedas matters.
- d. **Members of Parliament** from Mueda-Moicimba (and probably all from Cabo Delgado) care. Public service, helping own home village - extended family, winning next election, getting a fair share for their people (Cabo Delgado feels it led liberation from Massacre of Mueda on but has been marginalised in gains since independence which explains, otherwise surprisingly high, Renamo vote there). Their personal or party political concerns are not CNP's or UAP's business - their interest in making marketed output on plateau rise is very much UAP business because it makes them allies in struggle to reduce poverty. (Nobody involved in setting up GAPVU was thinking of elections. But with 70,000 households benefiting by then it probably was worth a seat or three! And why not - a government that serves its people better should earn reward of more support. There is nothing wrong in pointing out to a Minister how a good programme will also be good for him politically! Or of warning of political risks of not acting or acting in an unsound way, e.g. at time of 100% minibus fare increase I advised govt. under no circumstances to put itself in position of being responsible for fares or anger would turn on it then or later and also that costs of fuel and spares had risen massively over 18 months so rollback order would mean no vehicles on road. Also advised bottom line problem was wages. On the whole govt. response - a) halting violence; b) moral suasion for agreed partial, fare rollback; c) some minimum wages rises and a Christmas bonus was relevant and about the best: for poor people, for keeping urban passenger transport going, and for its own political future that was possible in a tightly constrained context.)
- e. **Provincial Planning in DNP and DPlanning in Cabo Delgado** - PP needs more concrete projects with high visibility if successful to build up visibility and influence.
- f. Those **donors** interested in **leasing** (USAID), financial sector diversification (EU), hire purchase (SIDA) who have studies to hand and are presumably interested in proposals on "how to" acceptable to govt. USAID seems to want a US leasing company with

little southern experience, unclear what EU has done with its study (a Mike Faber-Jeanne Stephens-RHG product which did advocate hp to vehicles, plant and machinery and - I think - ships). SIDA has a Swedish company present in Mozambique as base with a Swedish financial firm as partner concept. What is needed is:

- a. a **commercial enterprise**. Free standing or - perhaps - linked to a commercial enterprise selling vehicles, ships, plant and equipment;
- b. **private sector and probably 100% foreign at start** - commitment to sell 49% to domestic buyers between 5th and 10th year;
- c. a **finance house** owned or partner to put in professional/hp experienced manager and to train (in Mozambique and at overseas headquarters) Mozambicans for most professional posts by year 5;
- d. **ideally a Southern African financial enterprise** with hp experience as partner (Standard Bank of SA via Standard - Totta would be obvious candidate but S-T has been interviewed - e.g. by ADB - and were uninterested).
- g. **non-donor development finance bodies** - ADB has a mission on HP (wanted to use BPD but advised against by SSPA and the Emprego) and it is in CDC (Commonwealth Development Corporation) field. CDC could find the commercial operators and put up some equity plus some loan finance. ADB not optimal for finding operator - presumably would channel ADF (when it has some funds) credit to GOM to relend to enterprise.
- h. **Agricon** (or successor) wants to be able to buy and ship grain and to make a profit on it **or** (I hope!) to see private sector doing so. In fact many merchants appear to prefer to buy retail locally and sell wholesale to Agricon at Mueda-Moicimba-Pemba. That is fine (or should be) with Agricon which has comparative advantage in knowing/linking to Nacala or Beira or Inhambane or Maputo market (Pemba and Quelimane could under all normal conditions be served from adjacent Districts) and no disadvantage in hiring cabotage space or chartering coaster to move wholesale shipment. More retailers to feed into it at wholesale is fine - for Agricon retail buying always likely to be a tin of scorpions.
- i. **World Bank** if only because it feels it is godfather and protector to UAP and really does believe in PPP and has some desire to see growth - private sector- pure households livelihood links build up. Can be enemy if not in picture and useful pusher of bilaterals if brought on board.

12. **UAP** - since there is a poor Mueda Plateau household and a food security basis - has *locus standi* to be a catalyst. Next step is for UAP to plan what to do (including seeing everybody noted in 11 and seeking to get them on board) after securing approval at ND - and probably VM, perhaps M - level. Then organise coalition and get agreement who co-ordinates/pushes ahead. Or who on what - Small Ports could lead on harbour but somebody in finance or DNP (including UAP) has to hunt down issues on ships-lorries-hp.

13. Good luck!



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Sometime SSPA
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P.S. It may be worth checking whether any other surplus/potential surplus district have similar problems. Likely ones are upcountry district in Zambesia (e.g. Macuba) Northeast Tete (e.g. Angonia), perhaps lakeside Nyasa (e.g. Lichinga). These are all basically road haul areas so private sector may be able to act on own (Quelimane Harbour functions) but **credit for buyers** and **hp for lorries** may be relevant for some of them too. A fax backed by phone call to Provincial Planning Directors and District Governors would seem easiest way to get an initial local input and a look at Agricon's and Commerce's purchase figures (estimates) by District a potentially revealing desk check start in Maputo.

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