With a growing middle-class in Mozambique there is an increasing demand for quality potatoes. But healthy seed tubers that can be further multiplied by seed users are hard to find. The Zambezi valley of Mozambique provides an exciting business opportunity for local entrepreneurs willing to invest in quality seed tubers.

Do you need more information? No problem. The extended business plan for seed potatoes and other business opportunities in aquaculture, potato, dairy, poultry, fish feed factory, tilapia cage farming and cold chains can be requested from the Zambezi Valley Development Agency (ZVDA). These have been prepared by Wageningen University & Research/CDI, the Netherlands.

For more information do not hesitate to contact the Zambezi Valley Development Agency:

- Nelson Rodrigues António (Zambeze Valley Development Agency): nelorod2006@gmail.com
- Abel Adriano Joia (Zambeze Valley Development Agency): joiabel@gmail.com
- Herman Brouwer (CDI): herman.brouwer@wur.nl
- Joep Vonk (CDI): joepvonk@gmail.com
- Zambeze Valley Development Agency, Tete - Mozambique: Av Eduardo Mondlane, 161. Tel +258 (0)25223328
- Zambeze Valley Development Agency, Maputo - Mozambique: Av Mao Tse Tung, 729. Tel +258 (0)21494888/21494794 agencia.maputo@agenciadozambeze.gov.mz
With an average landholding of 0.5 ha, this would mean more than 500 potato growers can be supplied with clean seed. This amounts to just over 1% of the 40,000 small and medium scale potato farmers in the Zambezi Valley. The 1% is a ‘safe bet’ as only a small portion of the more than 40,000 small and medium potato farmers qualify to produce healthy seed. In the future, a two or three-fold increase of the market is possible with a growing demand.

>> INVESTMENT COSTS

• A financial analysis, as part of a more comprehensive business plan study, reveals that an entrepreneur can expect a profit from the seed programme of about 16.4 million MZN for the seed cycle (2015-2018). The IRR (3 years) using private equity would be 28.2%. Total investment costs for fixed assets and training are concentrated in the first two years of multiplication, amounting to 8.6 million MZN.

• A shared equity scheme is an attractive option for investors with limited financial muscle. A bank loan of 4 million MZN would raise the IRR to 56.1%.

• A seed entrepreneur would start the investment with appointing a seed specialist that receives and plants 60,000 minitubers on 1 ha, equipped with an irrigation scheme for the dry season. IIAM provides the mini-tubers of red-skinned varieties: Rosita and Violet as Mozambique has no other minituber producers.

The first and second generation of multiplication (G1 and G2) are carried out by this specialist grower in an isolated area where seed quality can be kept at a reasonably high level. The districts of Tsangano and Angonia are areas that hold high potential for this.

• G3 is carried out by 46 decentralized seed growers in potato growing areas, preferably at high altitude and isolated. Seed tubers gradually deteriorate yet the degeneration rate is significantly lower in a seed multiplication scheme of improved seed tubers.

Seed tubers can still be multiplied a few times by potato growers and yield significant higher yields (50% or more) than farm save seed.

>> RISKS

• Currently, the production of minitubers in Mozambique faces capacity constraints. A possible solution would be to enhance capacity at IIAM and/or identify other entities that may produce them in South Africa.

• Seed potato growers often have difficulties to implement appropriate crop protection practices. To overcome this challenge it is advised to carry out field monitoring, training and follow-up with seed.

• The demand for G3 seed tubers may vary in the future. To mitigate this risk, the investor is strongly advised to set up demonstration plots in as many rural areas as possible to demonstrate the advantages of improved planting material to prospective seed users.

>> OPPORTUNITIES

• In Mozambique almost 90 percent of the seed needed in the country is provided through informal seed systems in the form of farmer saved seed, while the formal seed system is left with 10 percent of the seed market. Currently 10,000 ha of red skinned table potatoes are grown in Mozambique. The seed necessary to cover this area is around 20,000 tonnes. 19,000 tonnes are farm saved seed of low quality and high degeneration rate.

Farmers claim that if a reliable and affordable market of seed potato were established in the region they would opt for purchasing higher quality seed.

• The current market size of potato in local markets in the Zambezi Valley accounts for 130,000 tonnes. Of the total seed needs, it is estimated that 650 tonnes can be provided through a seed supply scheme.

At a seed rate of 2.5 tonnes/ha, the target market of seed producers seeks to provide seed for 260 ha.

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