

Executive Summary




Beira Agricultural Growth Corridor



Delivering the Potential



Centro de Promoção da Agricultura
CEPAORI

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Rural to prosperity

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BAGC: Delivering the potential

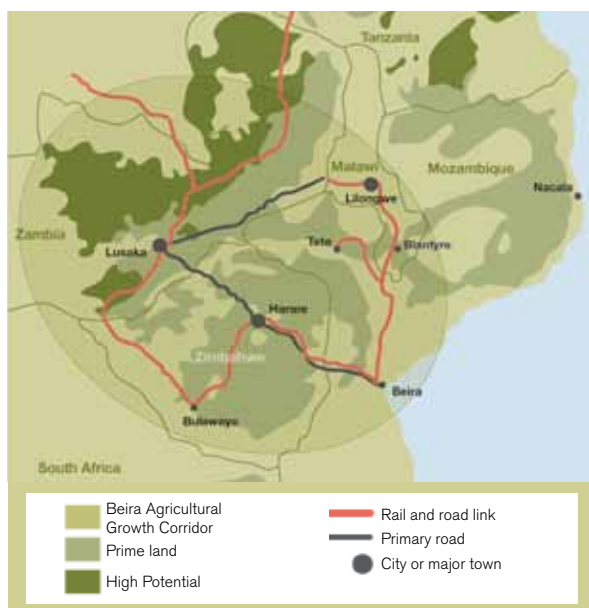
Launched at the World Economic Forum at Davos in early 2010, the Beira Agricultural Growth Corridor (BAGC) initiative is a partnership between the Government of Mozambique, the private sector, local farmers and the international community. It aims to stimulate major increases in the agricultural productivity and incomes of smallholder farmers by catalysing responsible private investment in the region.

Overview

The Beira corridor is the gateway to South East Africa. All the natural conditions required for successful agriculture - good soils and climate, access to land and water resources - exist along the corridor in abundance. In Mozambique alone, there are 10 million hectares of arable land in the corridor and yet this potential has not been realised. At present there is hardly any commercial agriculture and the rural population is almost entirely reliant on subsistence agriculture.

The BAGC Investment Blueprint identifies key constraints that have prevented successful development of commercial agriculture. It develops a roadmap for bringing 190,000 hectares of food and other crops under commercial irrigation, incorporating smallholder farmers. If achieved, a total investment by the public and private sectors of \$1.7 billion will generate annual farming revenues of \$1 billion and will stimulate investment along the entire value chain.

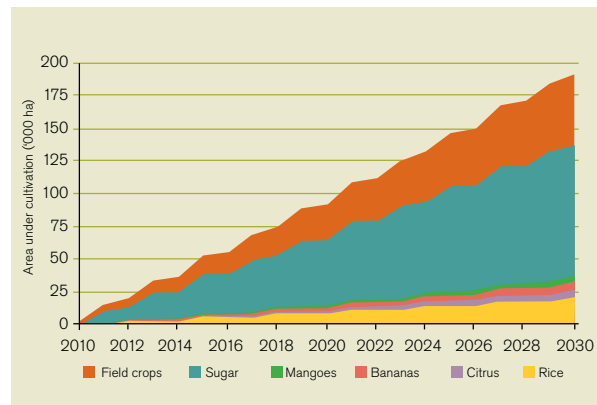
The Beira corridor region



Outcomes by 2030

- 190,000 hectares of profitable irrigated agriculture, producing world class yields, sold in domestic, regional and international markets
- 350,000 jobs in farming and the associated value chain
- Up to 200,000 smallholder farmer families with improved access to finance, inputs and markets, benefiting from improved yields and higher incomes. Net incomes predicted to more than triple, lifting 1 million people out of extreme poverty.
- At least 150 villages near commercial farms benefit from provision of power and water supply
- Annual value of farming revenues of \$1 billion

Build-up of BAGC commercial production 2010 - 2030

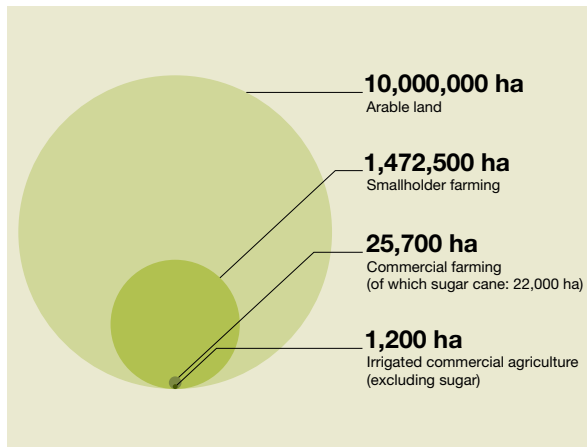


Agricultural potential of BAGC

Today there are excellent prospects for a revival of agriculture along the Beira corridor, for a number of reasons:

- Large mining investments in Tete province, which will improve access to infrastructure in the region and boost local demand,
- major public investments are underway to improve transport infrastructure, including the Sena railway line and Beira port,
- there is renewed international interest in investment in African agriculture in response to concerns about global food security, and
- governments in the region have begun to actively promote agriculture, recognising that improved agricultural productivity has a major impact in reducing poverty.

Farmed land in BAGC



There is currently very little commercial agriculture in the Beira corridor. Of the 10 million hectares of arable land, less than 0.3% is farmed commercially.

Smallholder farmer and community benefits

Commercialising smallholder farmers is at the heart of the BAGC initiative. The Investment Blueprint sets out two approaches for structuring equitable and transparent relationships between commercial farm and smallholder farmers.

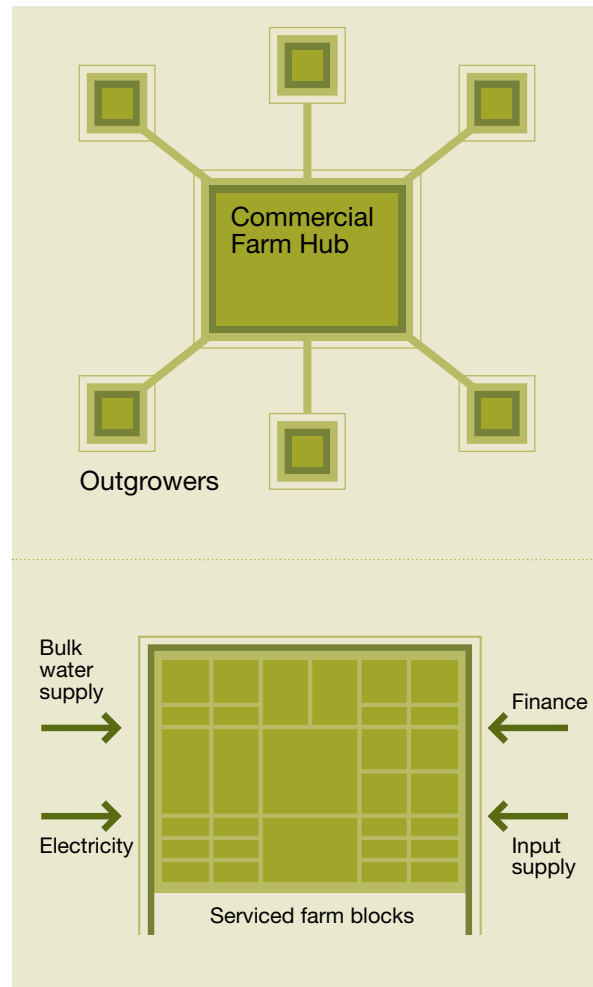
The commercial farm 'hub' model provides smallholder farmers with access to farm inputs, extension services, irrigation, value-adding facilities and reliable markets. The serviced farm block model enables smallholder and emergent farmers to lease irrigated farm plots ranging from 5 to 50 hectares.

Investment Opportunities

The Investment Blueprint identifies a number of fast-track opportunities. Of these, the seven projects below have already received catalytic funding. Another round of projects is currently being assessed.

- **Phoenix Seeds.** A hub and outgrower project to produce, process and distribute improved, high-yielding and drought resistant seed varieties to 120,000 smallholder farmers (maize, soya, vegetables, beans, cow peas).

Smallholder commercialisation models



- **Fruta de Manica Bananas and Phoenix Bananas.** Two hub and outgrower projects to produce, package, store and transport bananas for local and regional markets.
- **Moz-Agri Goats.** Livestock fattening, with improved breeds distributed to smallholder farmers, to be processed and marketed to distributors in Mozambique and regionally.
- **Lucite Mangoes and Sesame.** A hub and outgrower project for mango and sesame production with sourcing from smallholder and emergent farmers.
- **Mozambique Honey Company.** Distribute locally made hives to at least 5,000 beekeepers, train collection agents and establish a processing/storage centre in Chimoio.
- **Smallholder commercialisation.** Up to 30,000 farmers coordinated to access technical extension services, microinsurance, farming inputs and markets.

Growth Corridor approach

A focus on 'agricultural growth corridors' offers an opportunity for countries to fast-track the development of their agricultural sectors by building on existing infrastructure networks and encouraging beneficial clusters of agricultural businesses to develop.

'Clustering' of agribusinesses within the Beira corridor should reduce costs, improve access to inputs and markets and therefore create a competitive, profitable and rapidly growing agricultural sector.

Virtuous investment cycle



Making it happen

To achieve sustainable and long-term agricultural transformation, four key issues must be addressed:

- Appropriate financing mechanisms. A Catalytic Fund to kick-start early stage agribusiness investment and a Patient Capital facility to part finance the costs of agriculture-supporting infrastructure.
- Strong commitment to success from Government, the private sector and the international community.
- A BAGC Partnership to strengthen coordination without infringing on the powers of government or independent decision-making of private sector companies.
- Effective mechanisms for 'on-the ground' implementation of investments. AgDevCo, as fund manager of the Catalytic Fund, assesses, implements and monitors investments and structures BAGC interventions to ensure fairness and transparency.

By helping new businesses overcome initial high risks and costs, the BAGC helps kick-start a virtuous cycle of lower production costs, increased productivity, higher profitability, more investment and rapid growth.

Progress to date

Since the launch of the Investment Blueprint in January 2010 the initiative has:

- established the BAGC Partnership as a Mozambican not-for-profit organisation, appointed a full-time Secretariat, and secured funding for the next three years;
- raised an initial \$12 million for the BAGC Catalytic Fund, incorporated as a Mozambican company, and appointed AgDevCo as manager with offices in Maputo and Chimoio;
- awarded funding and technical support to seven early-stage agribusiness projects and opened a second call for applications; and
- been recognised as the 'entry point' for the Alliance for a Green Revolution in Africa (AGRA)'s Bread Basket Strategy in Mozambique.

Next Steps

- Reach at least 50,000 farmers within three years through existing and planned Catalytic Fund investments.
- Raise \$75 million for the Catalytic Fund to invest in early-stage agricultural opportunities.
- Establish a Patient Capital facility to fund part of the cost of agriculture-supporting infrastructure.
- Develop partnerships with WEF members to increase sustainable sourcing from smallholder farmers.

The BAGC initiative is the first of its kind to be implemented in Africa. By lifting agricultural productivity and linking farmers to markets it has the potential to transform the lives of millions of people in the Beira corridor region.

Media and Investment enquires

BAGC Partnership
Emerson Zhou, Manager
ezhou@beiracorridor.com

AgDevCo (BAGC Catalytic Fund)
Chris Isaac, Director
cisaac@agdevco.com

The BAGC Investment Blueprint and more information on the Catalytic Fund is available at www.beiracorridor.com