



SAGCOT
SOUTHERN AGRICULTURAL GROWTH
CORRIDOR OF TANZANIA



BEIRA CORRIDOR



YARA

Knowledge grows

Agricultural Growth Corridors

Making it happen

Sean de Cleene, Vice President Global Business Development & Public Affairs
IFA Africa Forum 3rd June 2010





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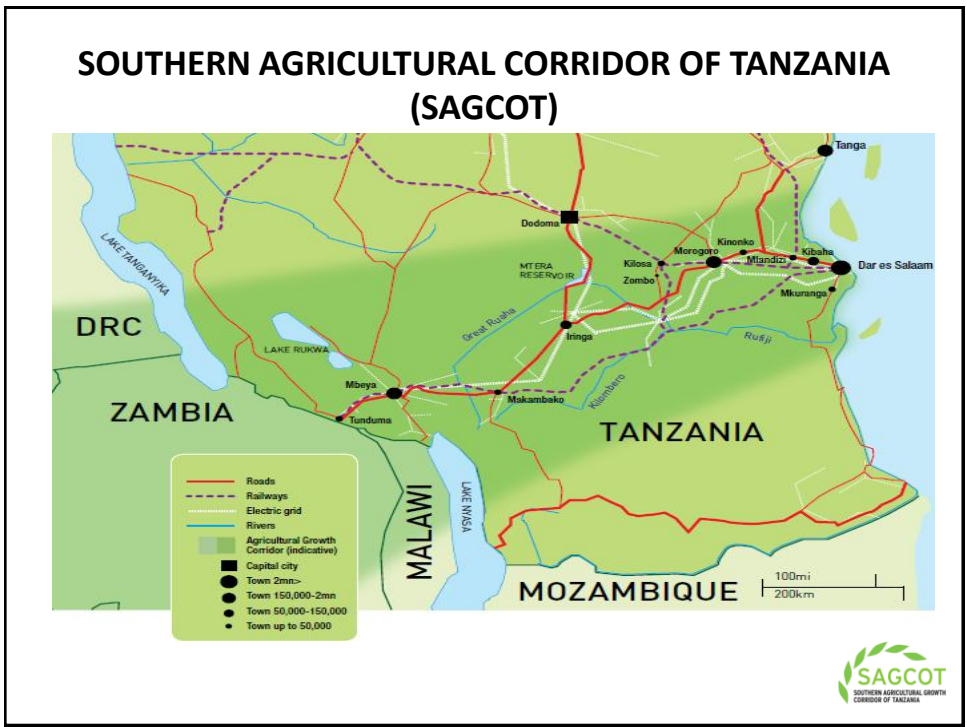
Alliance
for a Green Revolution
in Africa



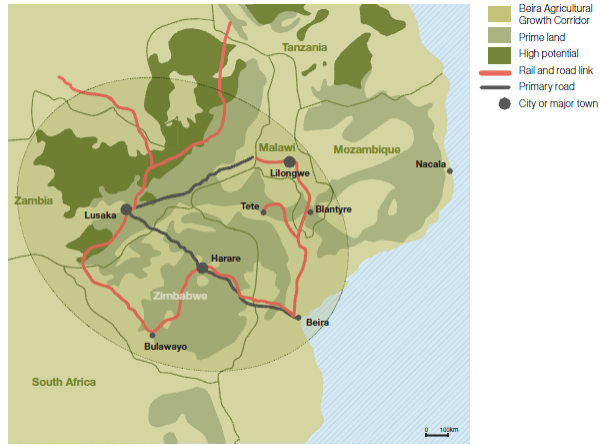
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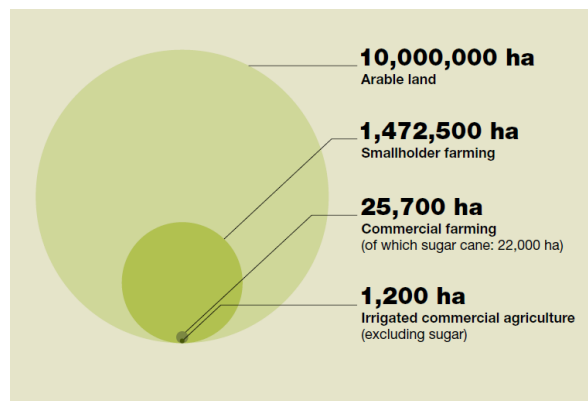
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Beira Agricultural Growth Corridor: a potential breadbasket region



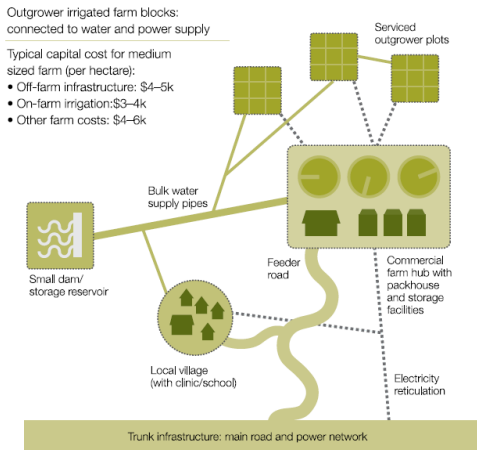
Virtually no commercial agriculture in BAGC today . . .



(Mozambique only)



Using hub infrastructure, nucleus farm hub + outgrower model and smallholder block farming



- Nucleus farm hub and block farming approaches justifies investment in feeder roads, electricity lines and bulk water supply
- Irrigation services can be made available to surrounding smallholder farmers at low cost
- In addition, smallholders gain access to lower cost inputs, storage and processing, and access to markets
- Local communities benefit from roads, water and power

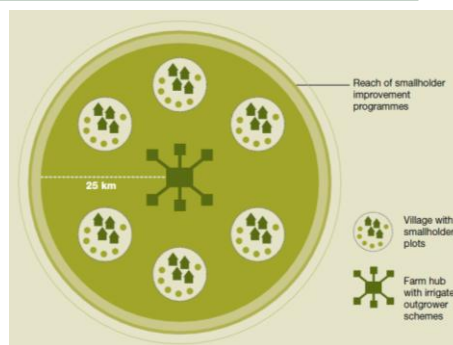
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Major benefits to farmers and local communities

Wider benefits to surrounding communities with a 25km radius of the farm hub include:

- access to inputs and markets for smallholder farmers
- provision of extension and financial services (e.g. micro insurance)
- job opportunities in the agricultural value chain



Example: 190,000 hectares of irrigated commercial agriculture in the Beira corridor region of Mozambique delivers: 350,000 jobs; \$1 billion farming revenues pa; 150 villages get electricity and water supply; 13,000 smallholder farmers gain affordable access to irrigation services; improved access to inputs, finance and markets for up to 200,000 smallholder households

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What support is needed? (BAGC Investment Blueprint)

- **“Social venture capital and catalytic financing”** - to support companies and organisations to undertake project development of sustainable agriculture projects that can be taken to scale

\$50m?

- **“Patient equity”** - to finance the scalable irrigation infrastructure development to the farm gate, catalytic value addition and post harvest development

\$100m?

- **Commercial debt and equity** - to invest in on farm operations, value addition and services

\$1.5bn?

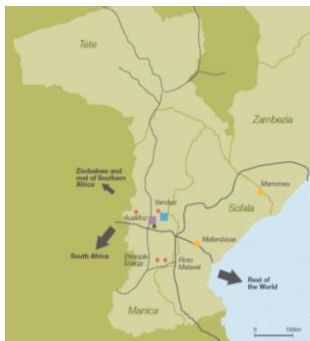
- **Public investment and grants** - for public infrastructure (e.g. roads, rail) and targeted support to smallholder farmers (e.g. extension services)

tbc



Agricultural potential along Beira Corridor by 2030

2010



- <20,000 ha irrigated commercial agriculture
- Smallholders almost exclusively subsistence production
- High production and marketing costs

2030

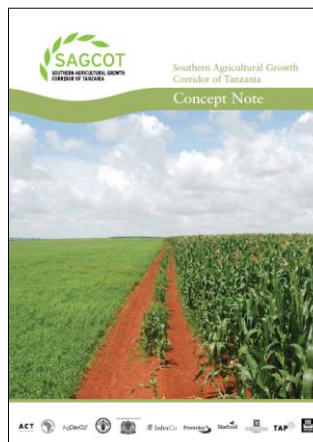


- >210,000 ha irrigated commercial agriculture
- Smallholders have access to irrigation infrastructure and markets
- Economies of scale → increased competitiveness



Blueprint findings

- Very limited investment in commercial agriculture
- Operating costs are much higher than international benchmarks [competitors]
- Major constraints are lack of “last mile” infrastructure to the farm gate and a lack of access to affordable finance
- Investment in new commercial agribusinesses is especially weak given high start-up costs
- Challenging business environment
- But investment blueprints clearly show there are ways to overcome these constraints . . .



The way forward – action to activate

- Identify areas of high potential for agriculture “clusters” with access to infrastructure backbone
- Establish partnership organisations to help coordinate targeted public and private investments within the corridor
- Provide new types of finance – including “patient capital” – to overcome high start-up costs
- Insist on strong and direct benefits for smallholder farmers and local communities and environmental sustainability
- Support development of a range of investments along the value chain, including nucleus farms, processing facilities and outgrower schemes
- Recommend incentives needed to attract agricultural investment





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Thank You

For more information: www.africancorridors.com

