



AgDevCo Update Event: Global Food Security and Poverty  
Reduction in Africa

**Agricultural Growth  
Corridors: Making Agriculture  
Competitive**

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London, 8<sup>th</sup> June, 2010

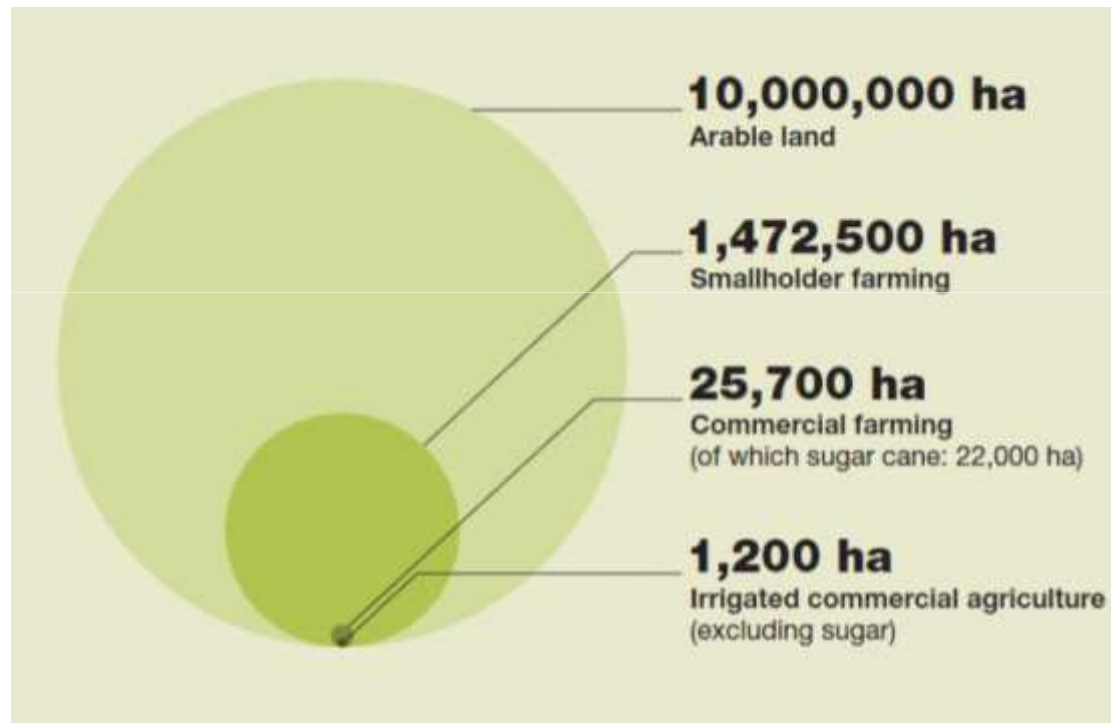
## The opportunity: Africa can be a major food exporter

- Many parts of Africa have ample land, water and productive potential
- Significant opportunity to increase current yields which are 25% of global average
- Global population expected to increase above 9 billion by 2030, with rising per capita food consumption
- New commercial debt and equity funds are seeking to invest in the African agriculture sector . . .



## The challenge: greenfield production is risky and costly

- Very limited commercial agriculture in Sub-Saharan Africa, with low levels of modern farming technology and expertise



Example: Beira Agricultural Growth Corridor (overall size = c UK)

## The challenge: greenfield production is risky and costly

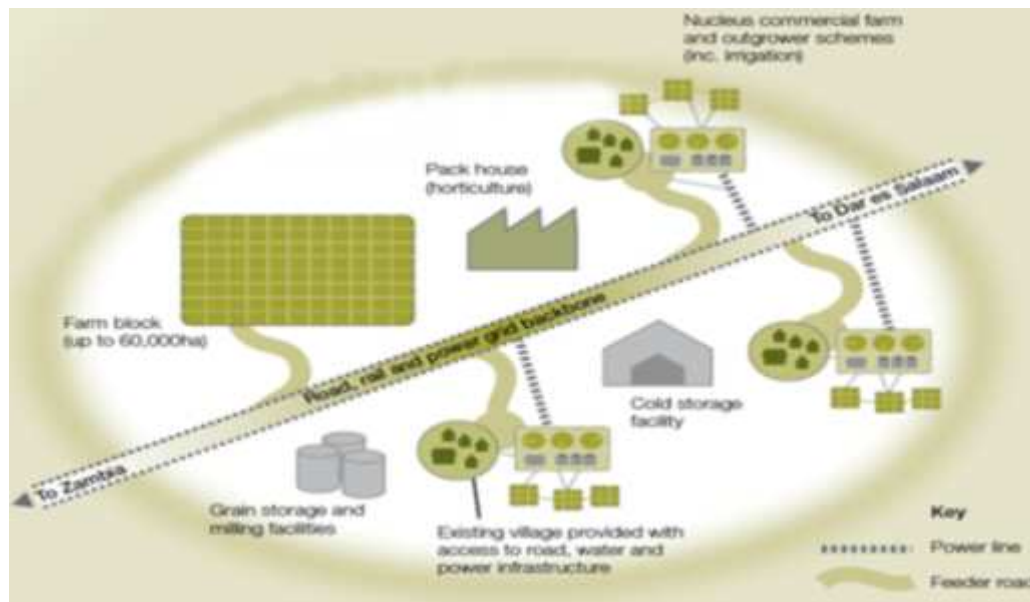
- High start-up and operating costs deter commercial investment in greenfield primary production



*“As an investor focused on agribusiness, Agri-Vie only in exceptional cases invests directly in stand-alone primary production/ farming.”  
(Agri-Vie website)*

# A solution: Agricultural Growth Corridors

- Identify areas of high agricultural potential with good existing backbone infrastructure
- Promote effective coordination of public and private sector investments in infrastructure
- Help overcome barriers to greenfield investment with suitable finance (“patient capital”) and project development approaches (e.g. “AgDevCo”)
- Support “fast-track” projects to demonstrate success on the ground



# Mozambique: Beira Agricultural Growth Corridor



- Significant under-exploited agriculture potential
- Major investments in coal mining in Tete province
- Improvements to port, rails and roads infrastructure underway
- Planned large-scale investments in sugar and biofuels
- BAGC Investment Blueprint shows how to put a further c200k ha under irrigation with benefits for > 1 million people

# Mozambique: Beira Agricultural Growth Corridor

## Progress to date

- Investment Blueprint launched in Mozambique and World Economic Forum (January 2010)
- BAGC Secretariat established in Beira with membership > 100 firms and organisations involved in agriculture
- AgDevCo is promoting “fast-track” projects in citrus, seeds, maize and bananas working with local partners including CepAgri and Agrifuturo
- Promised funding of \$10m for a Catalytic Fund to support early-stage investments in agriculture where there are strong links to smallholders
- Opportunity to access large-scale funding required to implement BAGC from the Global Agriculture and Food Security Programme

For more information see [www.africacorridors.com](http://www.africacorridors.com)

# Case study 1: Rebirth of the Mozambique citrus industry

## Farming model

- Nucleus citrus estate (400ha)
- Outgrowers with irrigation (50ha)
- Additional smallholder outgrowers (rainfed)

## Financing

- Social venture capital funding for start-up costs (\$2m)
- Patient capital for bulk infrastructure (\$5m)
- Commercial finance (\$20m)



## Markets

- Seasonal window to supply Middle East and Europe (via Beira Port)

## Value chain linkages

- Fruit juicing and processing
- Pack house and cold chain transport
- Marketing partnership with MozFoods

## Strategic partners

- Existing Mozambican horticulture producer near Chimoio
- International citrus buyers
- Local tree seedling producer
- NGOs/ farmer support organisations

## Tanzania: Southern Agricultural Growth Corridor



- High agricultural potential, especially in Southern Highlands region
- Small but growing commercial and emergent farming sector (e.g. near Iringa)
- Supportive government policy framework (“Kilimo Kwanza”)

# Tanzania: Southern Agricultural Growth Corridor

## Progress to date

- Concept note endorsed by President Kikwete at Africa World Economic Forum (May 2010)
- Eight multinational companies committed to provide support (Unilever, Yara, Syngenta, DuPont, Land 'O Lakes, Monsanto, SAB Miller and General Mills)
- Partnerships with major donor and policy organisations including FAO, AGRA, IFAD, CAADP
- Investment Blueprint development underway including identification of “fast track” projects in grains, livestock and horticulture

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## Case study 2: irrigated food crop production

### Farming model

- Irrigated field crops on nucleus farm (up to 4,000ha)
- Broilers production
- Outgrowers for seeds, grains and pulses

### Financing

- Social venture capital funding (\$1m)
- Commercial/ DFI finance (\$10m)



### Value chain linkages

- On-site storage and processing (e.g. maize milling and soya extrusion)

### Strategic partners

- Locally-based farming company with access to 7,000ha estate
- Local farmer and community organisations

### Markets

- Local and regional markets
- Potential for export once local markets saturated