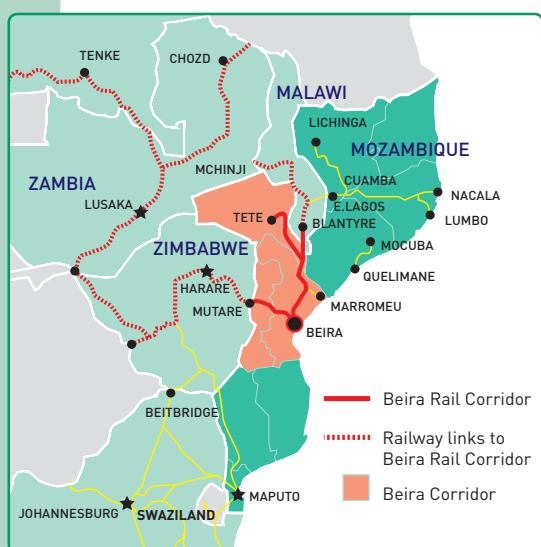


# Beira Agricultural Growth Corridor

*“Developing regional value chains for strategic agricultural commodities . . . is essential for African countries to enhance their agricultural transformation and global competitiveness”*

Economic Report on Africa, Africa Union and Economic Commission for Africa, 2009.

Coordinated action by governments, private investors and international agencies to develop the Beira Agricultural Growth Corridor (BAGC) could stimulate a major revival of agriculture in central Mozambique and the wider Southern Africa region. The benefits of food security, income generation and job creation would be significant. In the longer-term there is potential for countries situated along the corridor to become large exporters to the rest of the world.



The Beira Corridor is one of Southern Africa’s main transport routes. It is a road and rail network linking large parts of Zambia, Malawi, Zimbabwe and Mozambique to the port of Beira on the Indian Ocean. Farmland along the corridor has proven agricultural potential with microclimates suitable for a variety of crops for domestic consumption and export. There are good water resources along the corridor, although a lack of infrastructure means that most agricultural production is rain-fed.

## Potential for a major revival in agricultural production

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

- large commercial investments are taking place in the mining and agriculture sectors, and in Beira Port itself, which are expected to drive a significant increase in goods volumes through the corridor;
- major public sector projects are underway to improve transport infrastructure, including the rehabilitation of the railway line and dredging of Beira Port; and
- governments in the region are beginning to promote agriculture more actively with support from international agencies.

## Constraints on commercially-viable agriculture

However, a number of constraints remain which are likely to hold back commercially-viable agriculture:

- inadequate infrastructure (e.g. feeder roads, electricity, dams) driving up costs of production and transport, making agriculture less competitive;
- a lack of access to long-term finance, preventing most farmers, especially smallholders, from being able to invest in capital equipment such as irrigation; and
- limited opportunities for value-addition through storage or processing.

The interaction of these constraints makes farming on a commercially-sustainable basis in the Beira corridor very challenging.



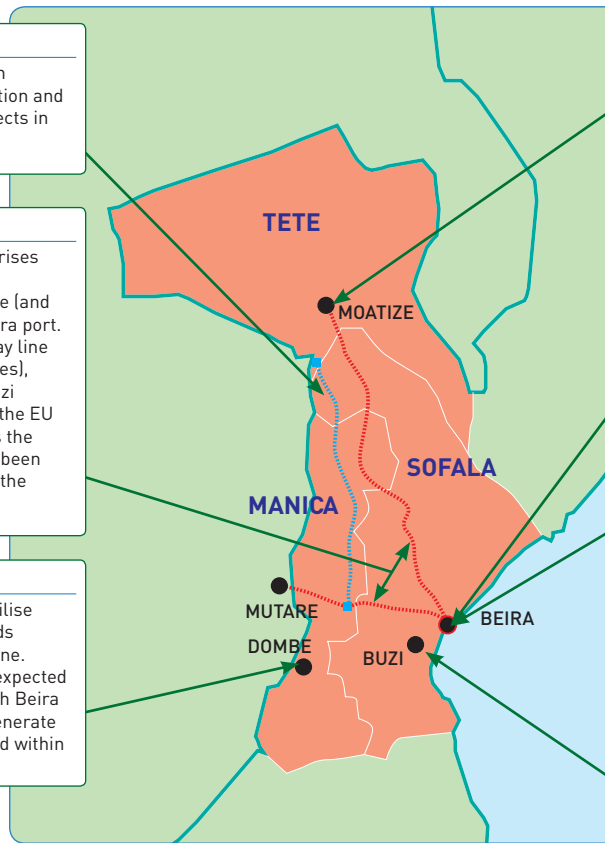
Maize field. ©iStockphoto.com/Tomas Bercic

## ‘Anchor Investments’ in the Beira Corridor

**ROADS**  
ADB has committed nearly \$65mn towards the upgrading, rehabilitation and maintenance of various road projects in the Manica and Tete provinces.

**RAILWAY**  
The Beira Corridor railroad comprises two main lines. The first is the Machipanda line linking Zimbabwe (and therefore Zambia and DRC) to Beira port. The second being the Sena Railway line linking Beira to Moatize (coal mines), the Malawi border and the Zambezi delta (sugar plants). The EIB and the EU have recently lent \$94mn towards the Sena Line. A further \$110mn has been committed by the World Bank for the entire project.

**BIOFUELS**  
Principle Energy is expected to utilise 14,000ha to invest \$400mn towards Ethanol production from sugar cane. Located in Dombe, the biofuel is expected to flow out of Mozambique through Beira port. The project is expected to generate 13-15MW of extra power to be sold within Mozambique.



**MINING**  
Tete province's coal reserves are among the largest in the world. The largest project expects to see \$1.5bn invested by Vale. Riversdale mining and Tata Steel will invest \$800mn into their Benga Project mine.

**PORT**  
Cornelder de Moçambique is developing a programme to rehabilitate the port, returning it to its previous operating capacity. Funding commitments are as follows:  
- JICA: \$17mn towards reinforcement of dredging capabilities  
- EU: \$60mn towards restoration of the access channel to its original design characteristics

**FERTILISER TERMINAL**  
Yara International will invest \$35mn in a fertilizer terminal at Beira. The port improvements, which include a holding warehouse to streamline distribution, will speed up fertilizer shipments and make fertilizer available year-round. This will significantly cut portside costs.

**HORTICULTURE**  
Prio Agricultura is farming Cereals and Oil Seeds on 9,200 ha of land. The total investment size for this project is \$48mn. Prio have also secured a second plot and are expected to begin works shortly.

### A proposed way forward

The Beira Agricultural Growth Corridor (BAGC) initiative is a newly formed partnership between the Government of Mozambique, private investors, farmer organisations and international agencies. Its objective is to boost agricultural productivity and competitiveness in the region. It plans to do this through a combination of:

- ensuring public and private sector investments along the agriculture value chain are properly coordinated;
- leveraging existing “anchor” investments (e.g. in the mining sector and railways) to benefit agriculture; and
- developing new infrastructure and agriculture projects as commercially-viable business opportunities that drive growth and benefit local communities.

The Working Group has completed a Concept Note on the Beira Corridor which includes three recommendations:

1. Develop a detailed investment blueprint for the Beira corridor, including analysis of investment opportunities and proposals for tackling constraints on the agriculture sector.
2. Establish a BAGC Partnership comprising all stakeholders with an interest in promoting commercially-viable agriculture in the corridor. The partnership would be supported by a small, dedicated secretariat funded by members.
3. Set up a Beira Development Company (Beira DevCo) with a mandate to develop and finance commercially-viable agriculture projects that benefit local communities. Beira DevCo would have access to ‘patient capital’ to invest in agriculture-supporting infrastructure assets (e.g. large-scale irrigation).

For more information, and to download the concept note, please visit the Beira Agricultural Growth Corridor website: <http://www.beiracorridor.com>

Contact: Chris Isaac, Corporate Executive, InfraCo ([cisaac@infracoholdings.com](mailto:cisaac@infracoholdings.com))