

BEIRA AGRICULTURAL GROWTH CORRIDOR  
*MOZAMBIQUE*

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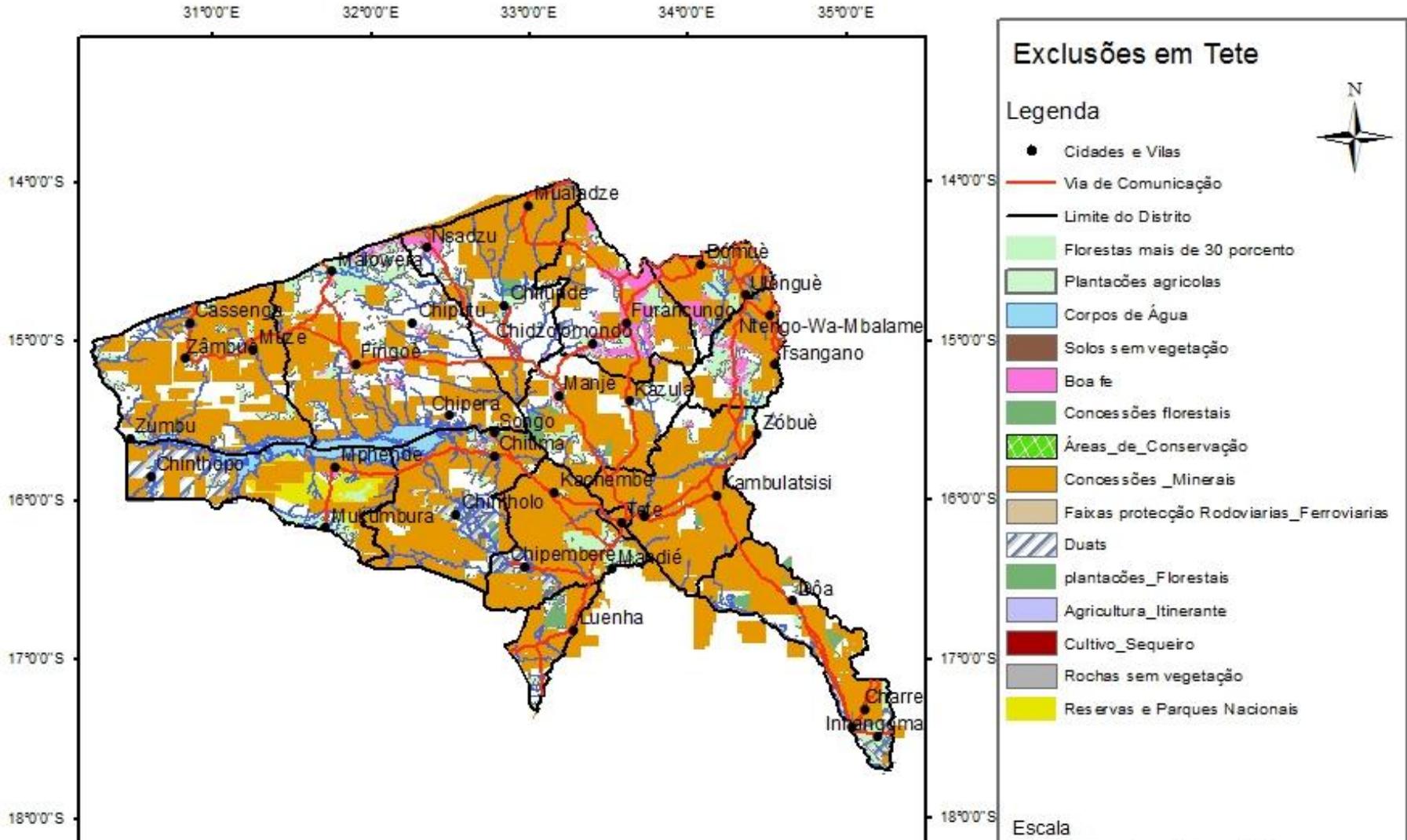
# About the BAGC

- Transport corridor with well-developed road and rail network linking Zambia, Malawi, Zimbabwe and Mozambique to the port of Beira
- High agricultural potential with diverse micro climates capable of producing a diverse range of products
- The Beira Agricultural Growth Corridor (BAGC) is a partnership between the Government of Mozambique, private companies and donor agencies that seeks to promote increased investment in commercial agriculture in the corridor





# Mining Concessions Exclusesões in Tete



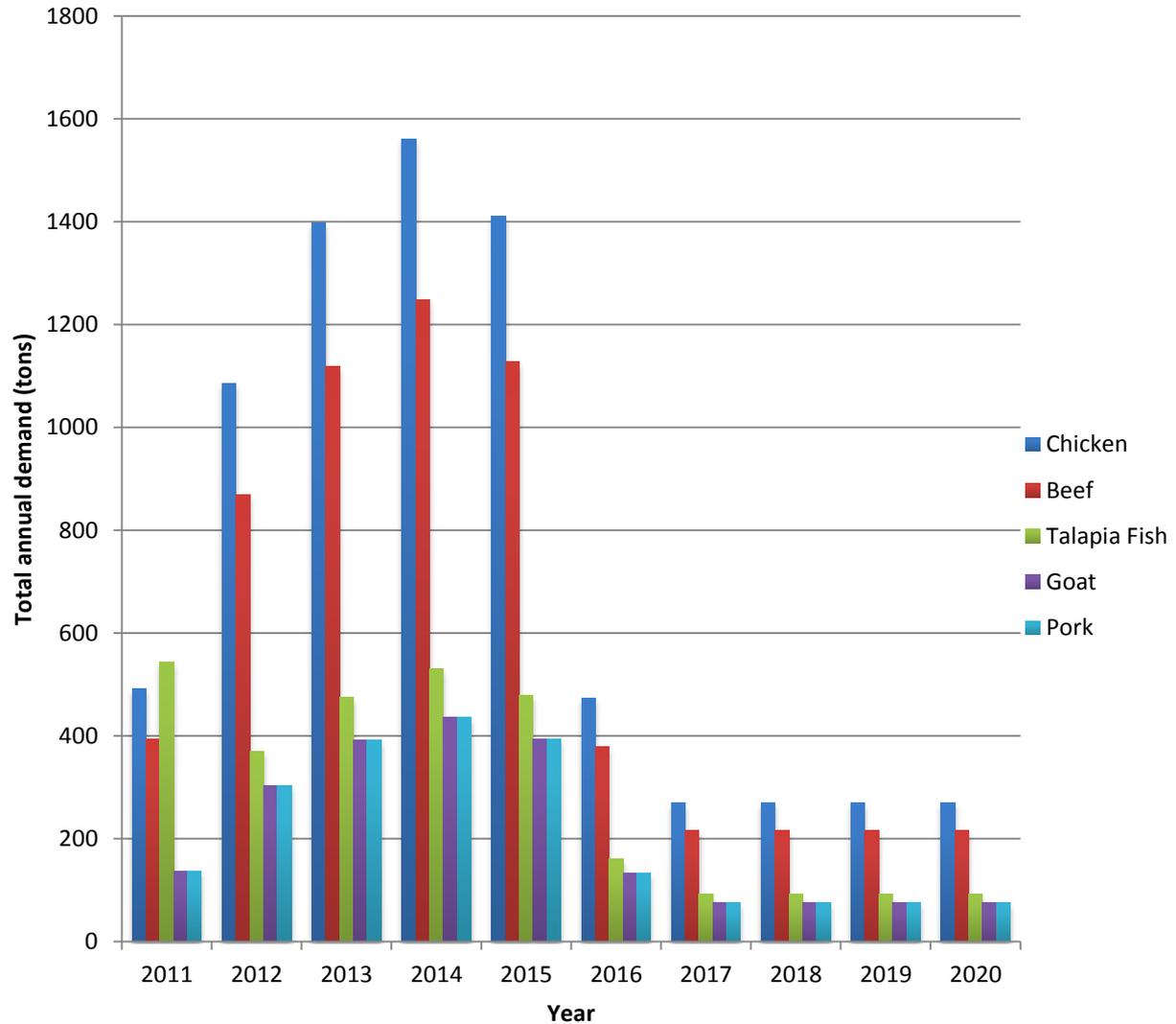
# Mozambique and Mining

- According to data from a recent land mapping exercise the amount of land that has been reserved for mining concessions is about 6 million hectares, or approximately 60 percent of Tete province's area
- The earliest to begin coal mining operations include two of the world's three largest mining companies: Vale, a Brazilian firm, and Rio Tinto, an Anglo-Australian firm that acquired the Australian company Riversdale and its holdings in Tete province in 2011.

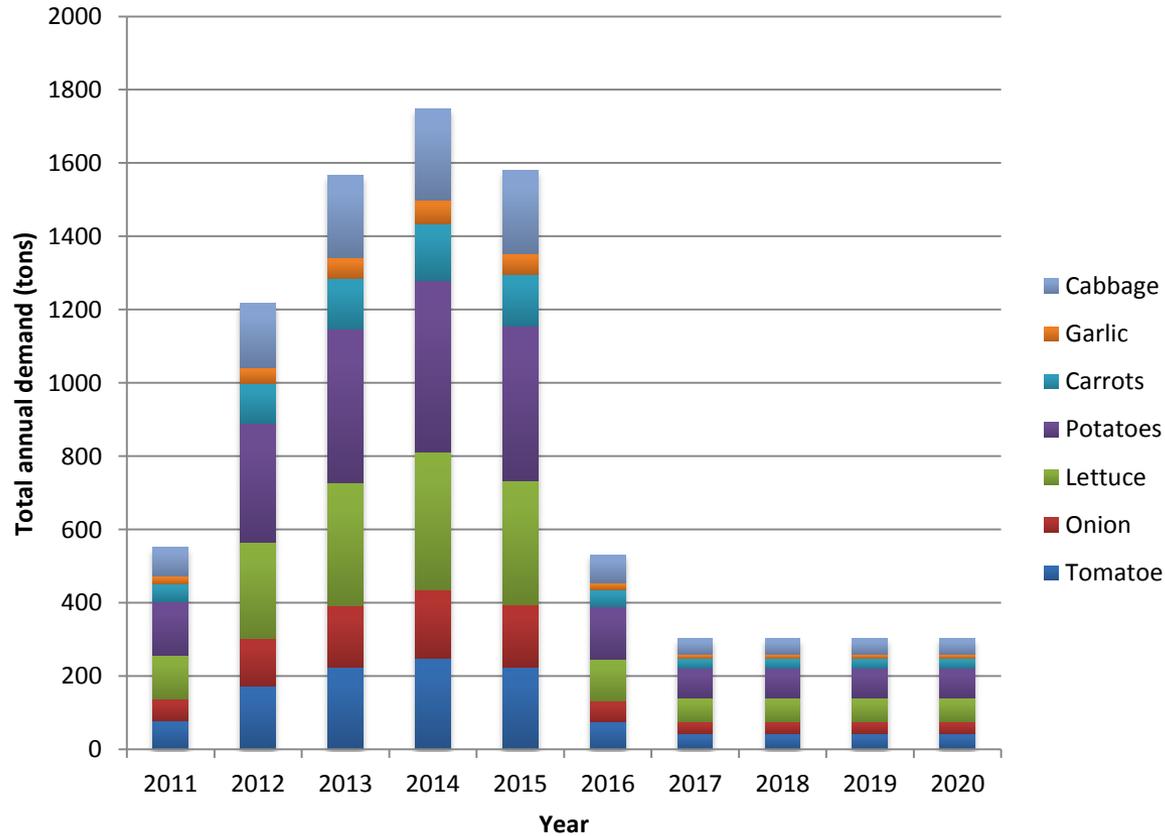
# Mining and agriculture

- Different issue: Australia (mines investing in Agriculture)  
Mozambique (mines working with Agriculture)
- A number of infrastructural investments planned and underway – including road, rail, ports, airports, –is under development. This should provide better capacity for linking agricultural products to markets
- The mining sector is expected to present high demand opportunities for agricultural products, especially during the construction phase. Vale reports that it is using over 10,000 [workers] in construction, but for operation [of the mine] needs 2,000 workers
- For the coal mining operation in Tete, significant window of opportunity until 2020 due to rolling construction sequences across mining companies, power and infrastructure development

## Projected demand for livestock products



## Projected demand for horticultural Products



# Mozambique and Mining

- Vale and Rio Tinto's development of open-pit coal mines, access roads, and related infrastructure has displaced thousands of people from local communities, primarily subsistence farmers. Vale resettled 1,365, Rio Tinto/ Riversdale planned resettled 679; Jindal Steel and Power Limited is planning to resettle 484 families
- Focus of debate is on how mines can better meet their social responsibilities by providing better houses, social amenities to these displaced farming communities

# Stimulating Mining Agriculture Linkages

- Demand for food by mines is currently met through imports from neighbouring countries
- Due to several supply related constraints – farmers unable to meet quantity and quality requirements
- Mining companies view the problem as purely a procurement problem
- What is missed in the debate is how mines can contribute to the long term regional development through development of forward and backward linkages with agriculture

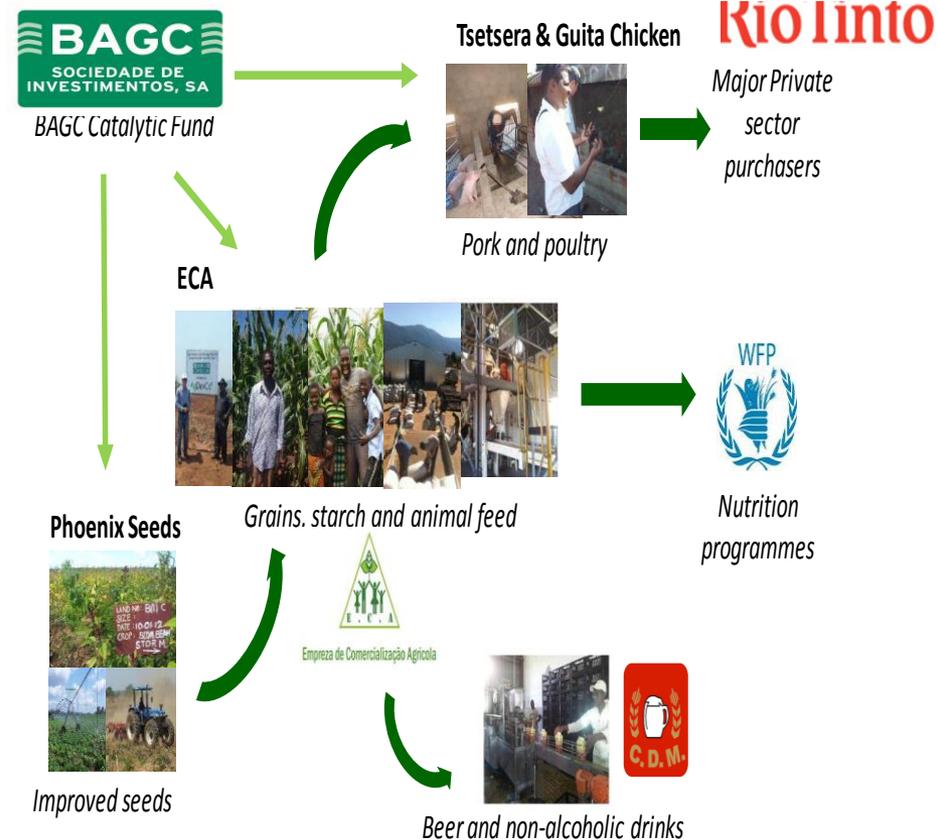
# BAGC: Stimulating Mining Agriculture Linkages

## Structuring Demand:

- align procurement procedures to give incentives for local sourcing, Align payment cycles between Mining Company, caterers, retailers and farmers, Guarantees, security and cash flow smoothing

## Supply chain development:

- identify potential local supply opportunities in the region (start ups, early stage agribusiness, large scale producers, smallscale producers )
- Farmer organisation, capacity building for production improvements
- Affordable production loans & working capital,
- investments in food logistical Hub (to aggregate volume, cold storage logistics)



# BAGC: Stimulating Mining Agriculture Linkages

## Outgrower arrangements with large companies

With support from the BAGC **Vanduzi** (a large scale horticultural company) has engaged smallholder producers as its partners in production of horticultural commodities for the mining market. These smallholder farmers are organised into associations which have producing chilies, mange tout and sugar snap peas as well as fine beans.



# Key messages

- Mining offer opportunities for agriculture in terms of improved infrastructure
- Mine purchases of food creates demand opportunities for local farmers, Significant window of opportunity during construction phase
- linkage between mines and agriculture not purely a procurement issue
  - need to create incentives for local sourcing
  - core investment in local agricultural development