



**NEPAD
BUSINESS
FOUNDATION**

Promoting regional integration and food security in Africa

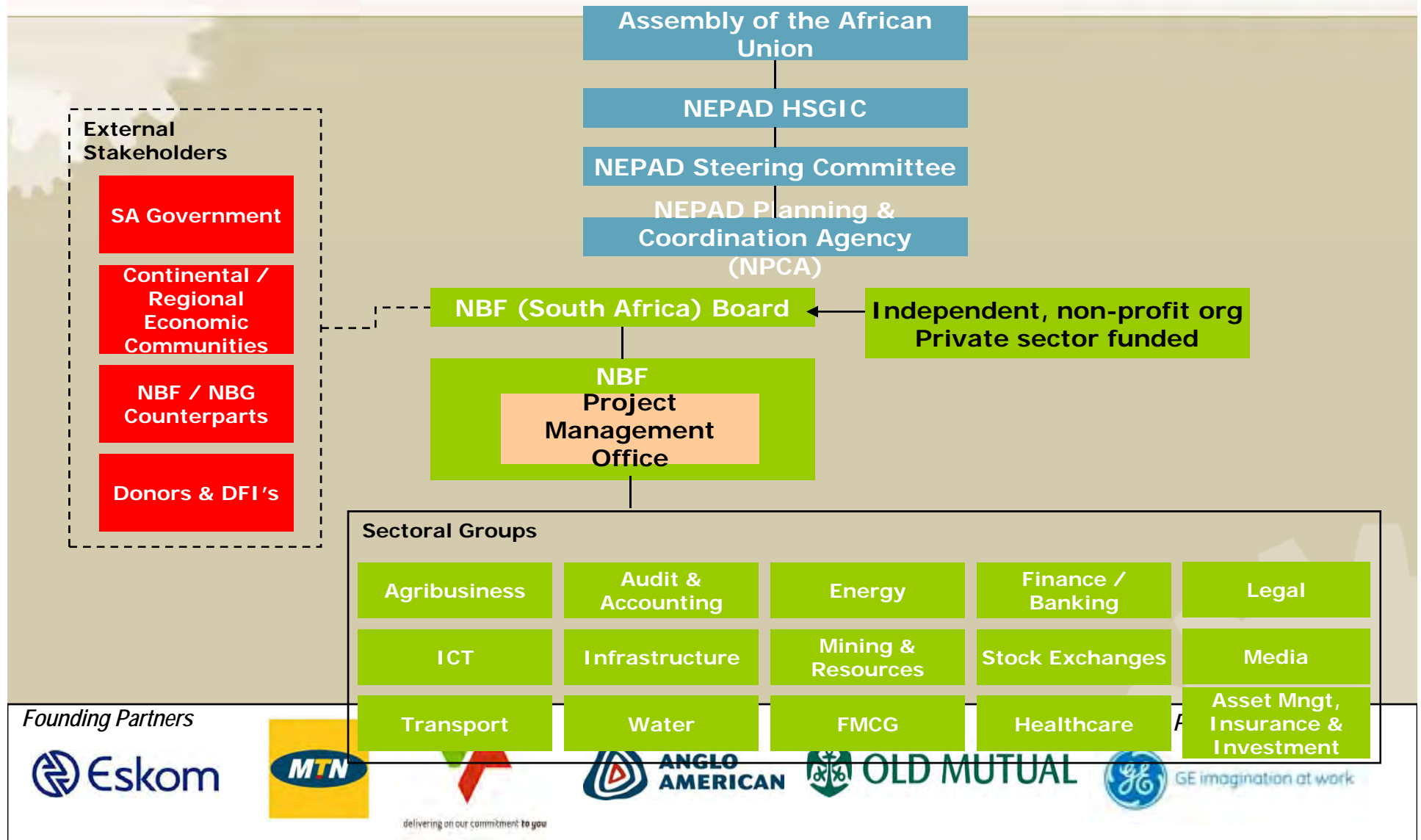
2 March 2010
Washington DC

Lynette Chen
NBF

www.nepadbusinessfoundation.org



NEPAD and NBF structure



Assembly of the African Union

NEPAD HSGIC

NEPAD Steering Committee

NEPAD Planning & Coordination Agency (NPCA)

NBF (South Africa) Board

Independent, non-profit org
Private sector funded

NBF Project Management Office

- External Stakeholders**
- SA Government
 - Continental / Regional Economic Communities
 - NBF / NBG Counterparts
 - Donors & DFI's

Sectoral Groups

Agribusiness	Audit & Accounting	Energy	Finance / Banking	Legal
ICT	Infrastructure	Mining & Resources	Stock Exchanges	Media
Transport	Water	FMCG	Healthcare	Asset Mngt, Insurance & Investment

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NEPAD FRAMEWORK & PRIORITIES



Conditions for Sustainable Development

Political Governance and Democracy
Economic & Corporate Governance
(APRM)

Peace and Security
{African Peace and Security Agenda-
(APSA)}

Programmatic Priorities

Agriculture, diversification of production
and market access
(CAADP)

Infrastructure Development
[Energy, Transport (air, rail, road,
ports), water & sanitation]
{STAP and PIDA}

ICT
{ Uhurunet and Umojanet}

Human Development, including
education and health
{NEPAD Health Strategy}

Science and Technology
{Consolidated Action Plan}

Capital Flows (domestic & international)
[debt cancellation, capital markets,
scale up development assistance]

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NBF Vision and Mission



- The NBF's **vision** envisages an African powerhouse that utilizes all its resources to generate innovative economic growth that engenders socio-political stability and sustainable livelihood for all its people on par with global standards.
- The NBF's **mission** is to **create a platform for dialogue between the private and public sectors, ultimately creating a more sustainable business environment in Africa.**
- The NBF **strategic objectives**:
 - *To facilitate and coordinate activities across sectors;*
 - *To be a catalyst for NEPAD related business opportunities by collaborating and integrating with relevant organisations across the globe*
 - *This will be done through the delivery of sustainable projects for the benefit of the African people and the prosperity of the African continent.*

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'Growing' Agricultural
Investment Along Africa's
Regional Corridors

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Agriculture in Sub-Saharan Africa



Agriculture most important segment of the economies of sub-Saharan Africa ("SSA") but only starting to realize potential.

Historically

- African agriculture has underperformed
- Inadequate infrastructure
- Poor productivity, suboptimal size and limited market access for small scale sector
- Poor government policies damaged commercial sector
- Unequal terms of trade

However, favourable global trends, improved policy, more investment and greater attention by donors and politicians, indicates tide may be turning

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Investing in Sub-Saharan Agriculture - rationale



Favorable global and regional trends = a shift in the fundamentals defining the future of African agriculture

- Rising global demand/food security concerns
- An emerging regional and domestic market
- Improving infrastructure and regional integration
- Substantial potential for improvement
- New class of agricultural entrepreneur emerging

Agriculture can feed all Africa, finance economic growth and become part of the global solution for Food Security.....

but strategic and catalytic intervention required in favour of market led development

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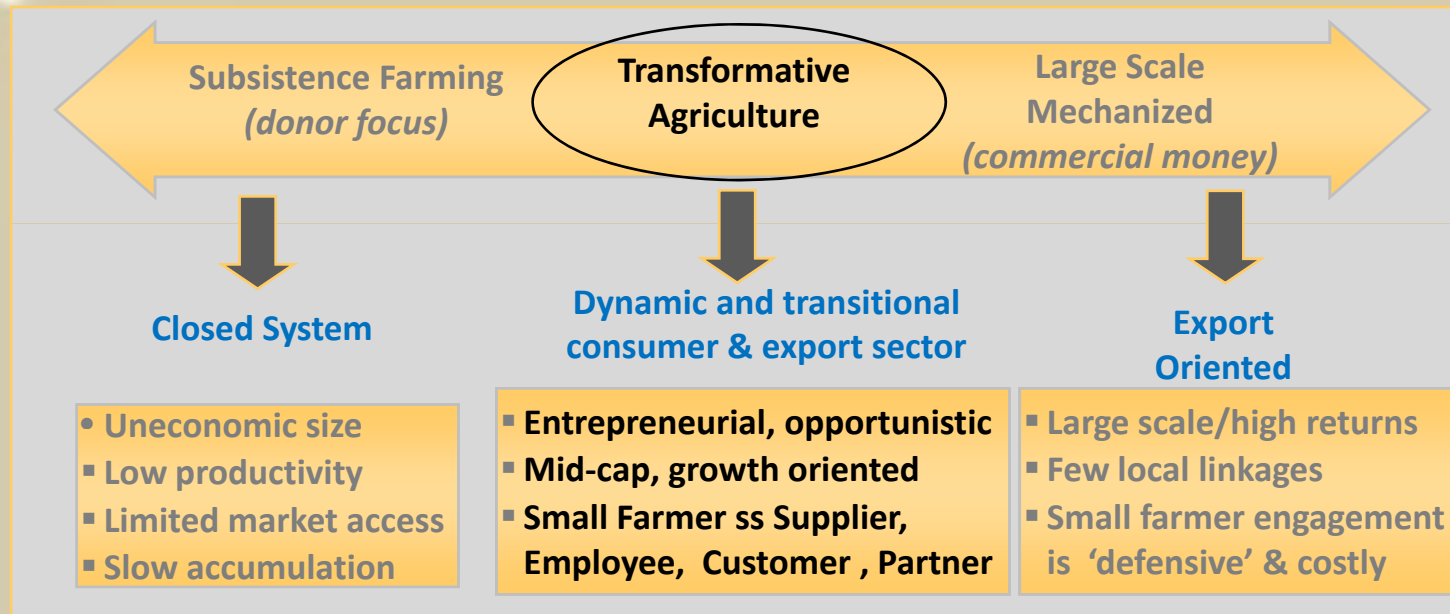
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▶ “Transformative agriculture emerging as dynamic segment of African agriculture



Evolving structure of African agriculture



Transformative agriculture – just emerging, new and existing players,, opportunities all along value chain, new business models, able to harness value-add from small farmer segment.....

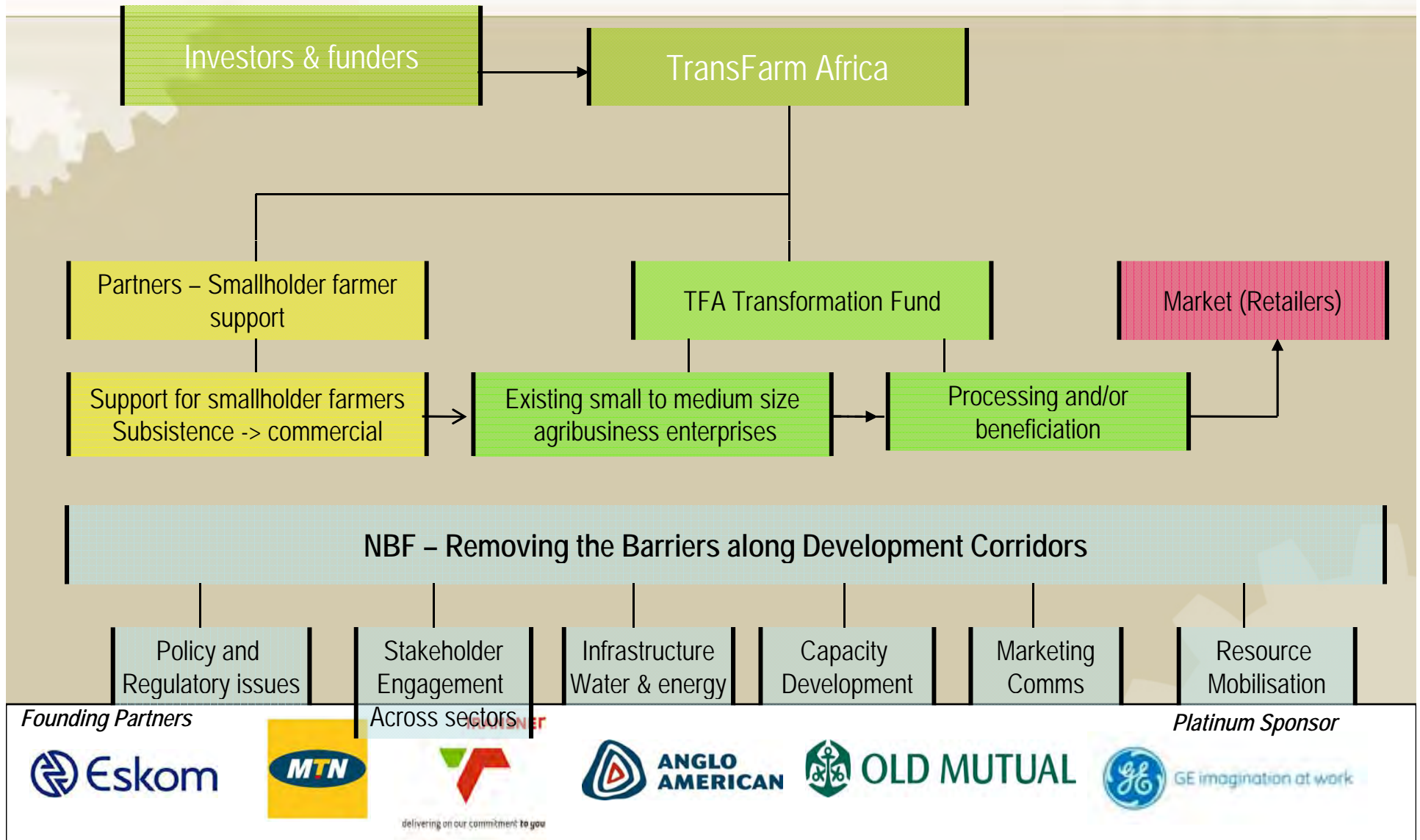
but limited funding, limited understanding, many barriers

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TFA Structure



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Across sectors



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TransFarm Africa:
driven regional spread of transformative agriculture



TransFarm Africa

TFA “Removing the Barriers” Program: NBF as implementing partner

TFA Investment Fund: TFA Fund manager (LHGP) w/local team

- “Market” insight on best TFA policies
- Build capacity to deploy TFA policy
- Promote Corridors to aid TFA policy roll out
- Work to align efforts of others

- Show TFA can deliver good \$ returns
- Show TFA can modernize subs farmer
- Harness other efforts to reduce risk
- Help bring donor projects to market

SCALE UP via adoption of best practice TFA policy and approach from corridor to corridor

SCALE UP thru successive funds supported by capital markets and copied by impact investors

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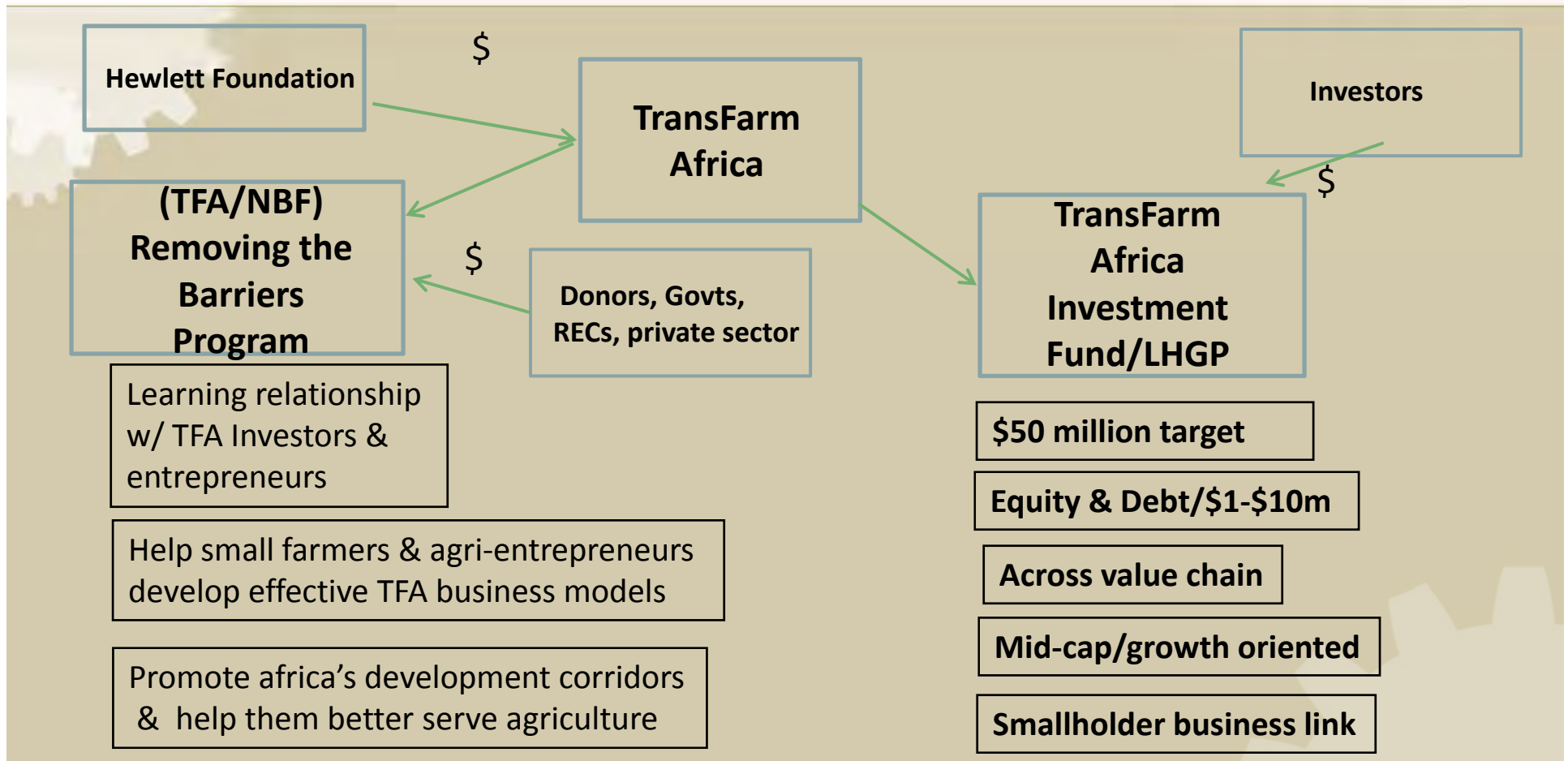
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TransFarm Africa Structure



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Southern & southeast Africa

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TFA Impact categories



Direct:

- small farmers benefit via income, security, skills;
- employment creation on farms and in supporting segments;
- off farm entrepreneurial business and employment creation
- more affordable and better staple foods
- foreign exchange saving and earnings
- net local and global environmental benefits

Indirect:

- Demonstrate pro-agriculture development of Corridors can have major and positive poverty effects
- Demonstrate transformative investments in agriculture are good commercial bets
- Demonstrate investment platforms can generate commercial returns
- Develop and diffuse institutional mechanisms for promoting agriculture along corridors

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4. Africa's "Spatial Development Corridors"





Corridor Investment Promotion and Support



- African agriculture has potential to reduce poverty and finance economic growth
- Regional Development Corridor strategy – focused efforts across various industry sectors allows for increased impact and alignment of initiatives
- TransFarm Africa will seek to promote Corridor (and corridor agriculture) focus to donors and investors
- Pilot corridor : Beira Corridor (Mozambique, Zimbabwe, Zambia, Malawi)
- Other focus corridors : Nacala Corridor (Mozambique, Malawi, Zambia)
Central Corridor (Tanzania, DRC, Burundi, Rwanda)

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BEIRA Corridor – Mozambique, Zimbabwe, Zambia





Large “anchor investments” are taking place . . .

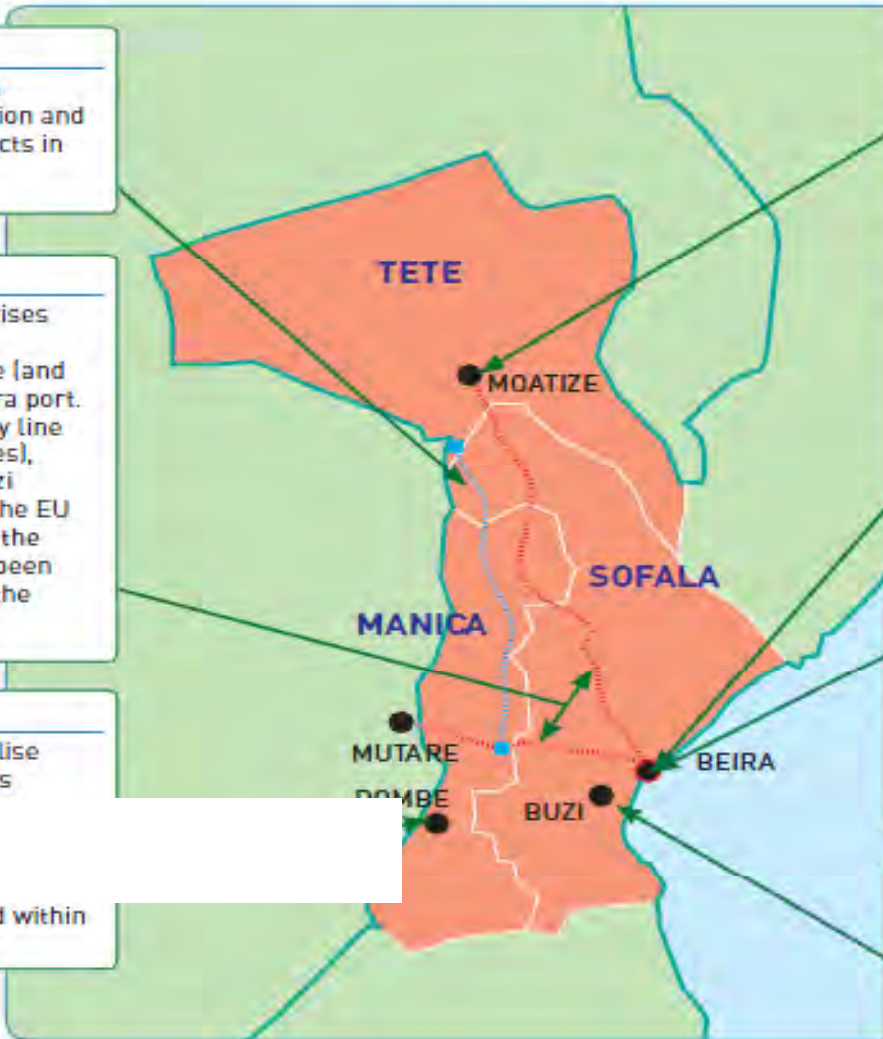


‘Anchor Investments’ in the Beira Corridor

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 f
 Located in Dombe, t
 to flow out of Mozarr
 port. The project is e
 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.

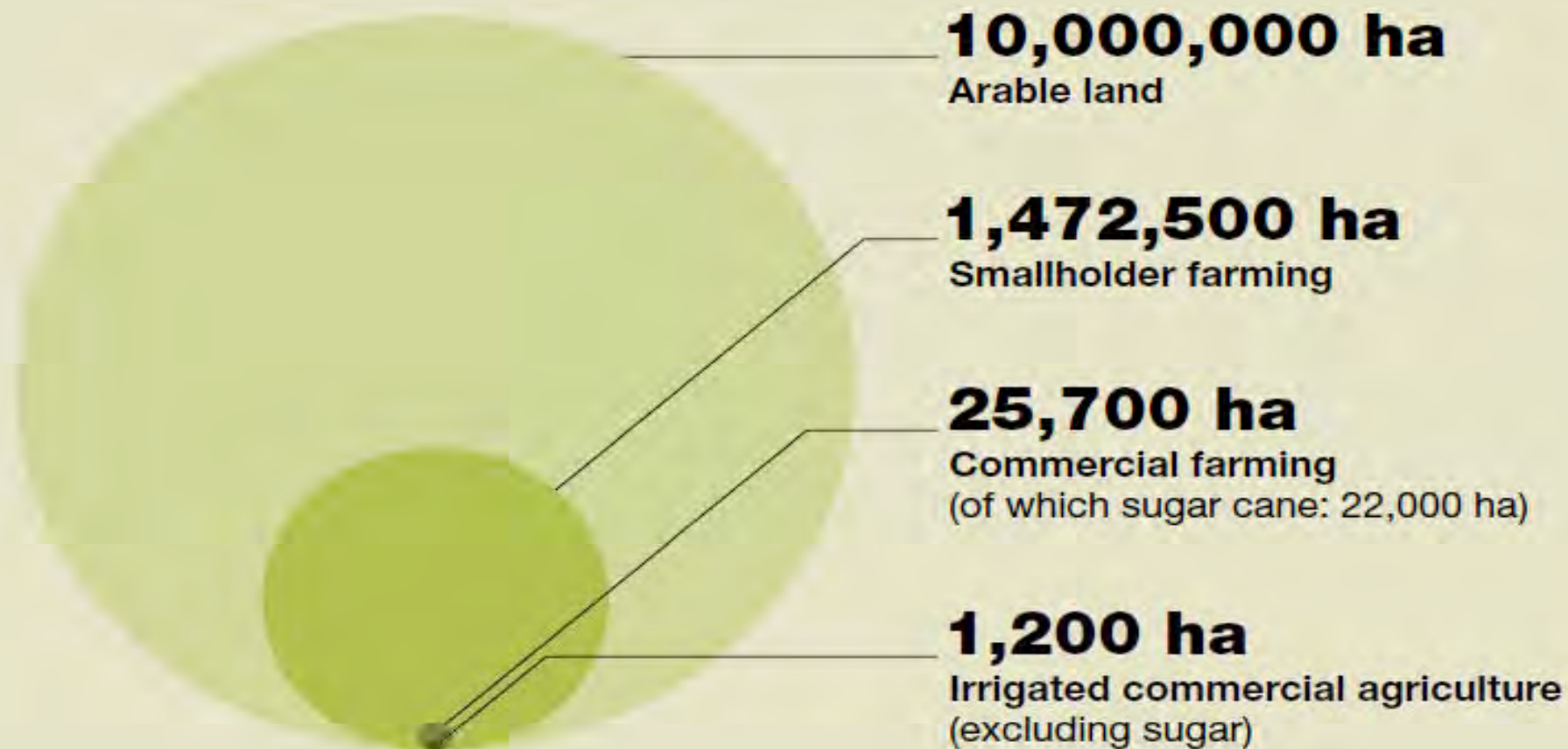
BAGC: a potential breadbasket region



- Beira Agricultural Growth Corridor
- Prime land
- High potential
- Rail and road link
- Primary road
- City or major town



Virtually no commercial agriculture in BAGC today . . .



(Mozambique only)

▶ . . . but there is enormous potential



- | | |
|----------------|------------|
| Prime land | River |
| High potential | Major town |
| Power lines | Minor town |
| Rail link | Airport |
| Primary road | Port |
| Secondary road | |

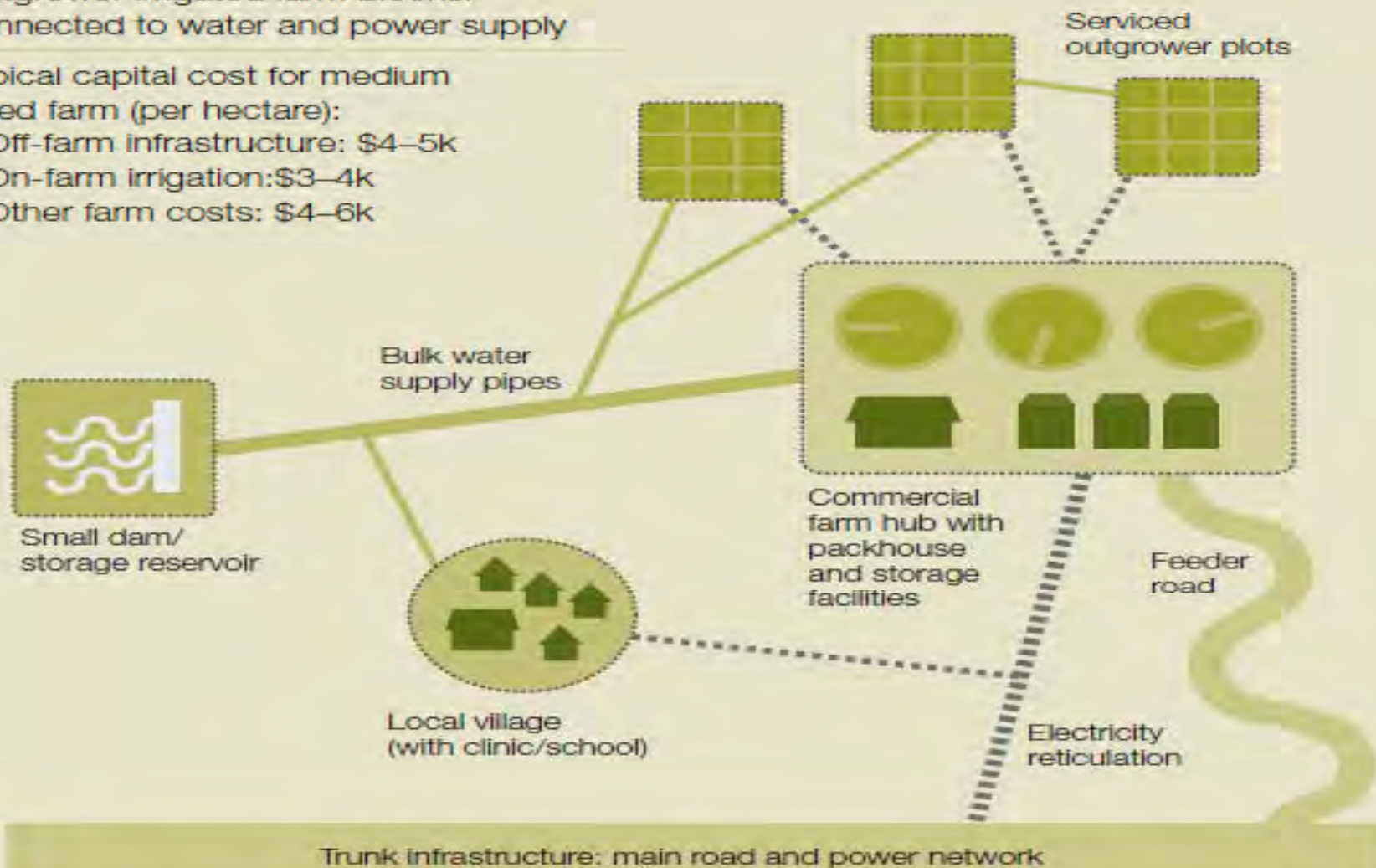
► Infrastructure is essential . . .



Outgrower irrigated farm blocks:
connected to water and power supply

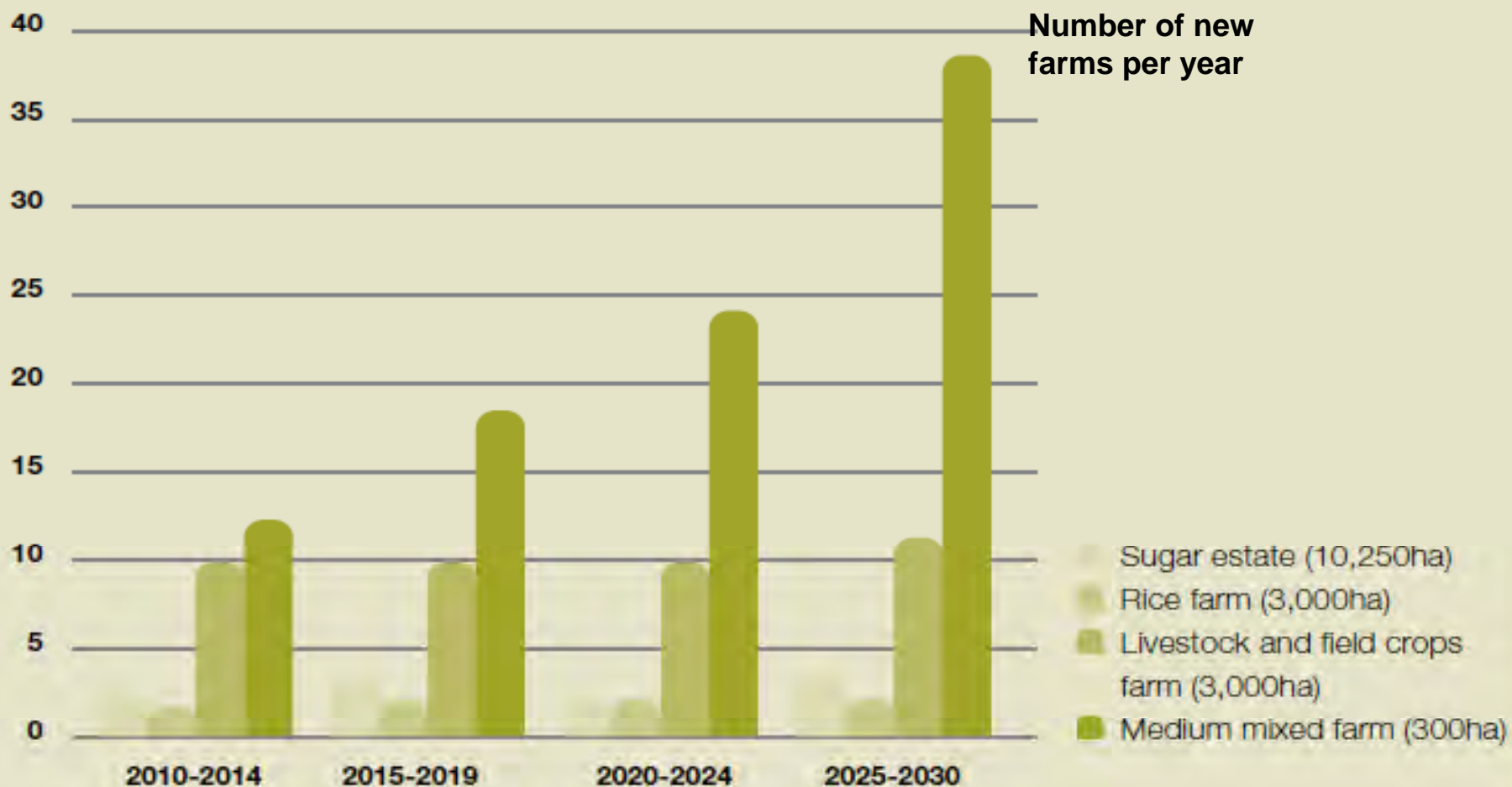
Typical capital cost for medium
sized farm (per hectare):

- Off-farm infrastructure: \$4–5k
- On-farm irrigation: \$3–4k
- Other farm costs: \$4–6k





... to stimulate major new investment



“Ready to go” projects identified



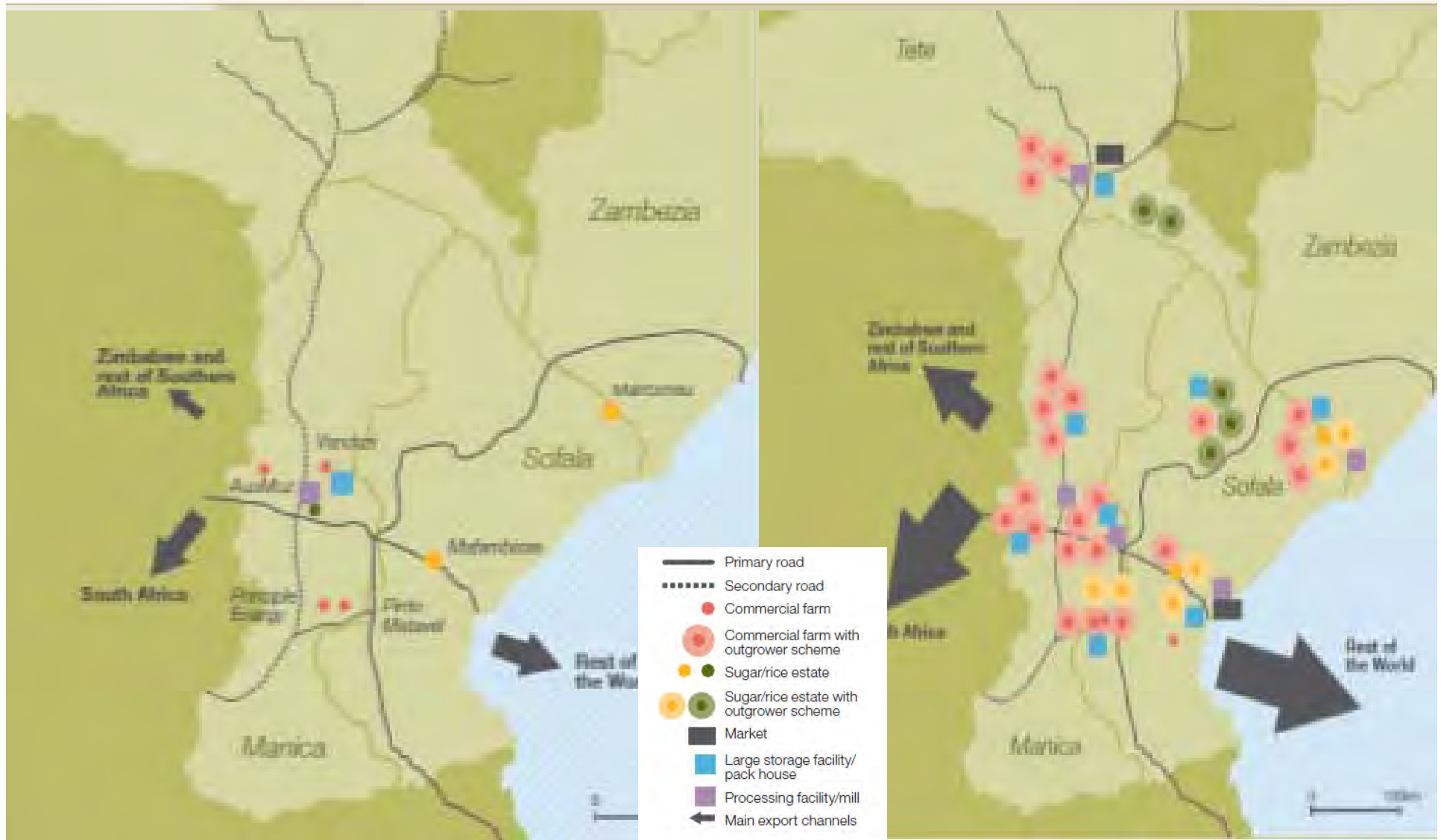
- Headquarters of family sector commercialisation programme. Planalto and progene seeds, Chimoio
- Benga fresh produce supply venture
- Central point of mango/lychee plantation zone
- Envalor limitada
- Central point of banana plantation area
- Chemez valley farm block
- Central point of citrus plantation area
- Grown energy Zambeze
- Central point of the honey production and collection project, it covers the majority of the corridor region
- Munda munda flood control/irrigation and planalto smallholder rice storage/milling/marketing project

► A transformation by 2030



Now

2030



Regional integration – trade barriers

- Infrastructure – connecting the ‘missing links’
- One stop border posts – customs and immigration
- Visas
- SADC Free Trade Areas implementation

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Thank you

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