

# Beira Agricultural Growth Corridor (BAGC) Catalytic Fund

## SUMMARY

The Beira Agricultural Growth Corridor (BAGC) was established in 2010 to promote sustainable agriculture in central Mozambique by developing and investing in commercially viable agribusiness projects that could demonstrate linkages with smallholder farmers. AgDevCo is the Fund Manager of the BAGC Catalytic Fund, which has invested a total of \$8,537,514 across 17 businesses and 7 project developments. Of the total capital committed, there are 14 active investments. 49% of the portfolio is in primary production, spanning a diverse range of agricultural products, from livestock to fruit and sugar. The Catalytic Fund won't make any new investments, as it is implementing a 5-year Exit Plan.

## MARKET FAILURE

Mozambique will likely undergo a transition away from agriculture as the economy diversifies (**stepping-out**). Nevertheless agriculture will remain an important sector for pro-poor investment for many years to come, as 84% of Mozambicans live in rural areas, with the majority (especially women) dependent on agriculture for their livelihoods. However, the sector is dominated by rain-fed, low-productivity, subsistence farmers (**hanging in**).

## SOLUTION

Commercial agriculture can be instrumental to support a pathway out of poverty (**stepping-up**). The Catalytic Fund is supporting agribusinesses with commercial and social impact potential to scale up their operations, thereby creating employment, increased incomes, as well as access to markets and extension services for smallholders.

## KEY FACTS

- **Total DFID contribution:** £7m
- **Project duration:** 2011 – 2021
- **Other donors:** The Embassy of the Kingdom of the Netherlands and the Royal Norwegian Embassy
- **Implementation partner:** AgDevCo
- **Country:** Mozambique

## BAGC CF in 2015...

14

LIVE INVESTMENTS

\$1,267,618

CUMULATIVE INCOME AND

CAPITAL GENERATED

FROM CATALYTIC FUND

586

FTE JOBS CREATED

47,300

NUMBER OF FARMERS WITH ACCESS TO

AGRICULTURAL SUPPORT SERVICES

(finance, irrigation, improved technologies)

\$150

AVERAGE INCREASE IN INCOME

PER SMALLHOLDER FARMER

\$7,197,000

CUMULATIVE CAPITAL LEVERAGED

84%

OF MOZAMBICANS  
LIVE IN RURAL  
AREAS

(Source: World Bank 2013)



56.6%

OF THE RURAL  
POPULATION LIVES  
IN POVERTY

(Source: World Bank 2010)



2.3%

OF ARABLE LAND  
IS EQUIPPED WITH  
IRRIGATION

(Source: FAOSTAT 2009-11)

