

Title: Business and Strategy Plans for Agribusiness Investments in Mozambique

Date: January 2009 – June 2009

Client: Aquifer

Country / Region: Southern Africa

CEPA recently led two assignments in Mozambique for 'Aquifer', an investor in commercial agriculture and smallholder projects in Southern Africa. Our team of economic and financial consultants was supplemented by agronomical and marketing experts in order to conduct business and strategic reviews of the two enterprises. CEPA's advice for both assignments is currently in the implementation stage.

The first assignment is a thorough business review and three-year operational and financing plan for a commercial horticulture and outgrower production business in Manica Province. It included a full assessment of the current business plan in the context of the international horticultural value-chain, and a detailed scenario model of gross contribution by product in different market outcomes (e.g. variations in throughput, logistical costs, sales price, exchange rates, etc.). The CEPA team conducted consultations with farm managers and investors on-site, and also liaised with importers and buyers in international and regional markets to assess opportunities for fruit and vegetable sales. The analysis also involved assessing the opportunities for third-party sourcing from Outgrower programmes and producer-associations. Our analysis fed into a forward-looking, three-year financial model and final report outlining a profitable strategy for the medium and long term.

The second assignment is a strategic review of a new integrated rice research, production and processing business in southern Mozambique. The business is an efficient producer of rice and other irrigated crops for the domestic and regional market, and has a strategy of achieving high returns through scale and agreements with out-growers and producer-associations. CEPA mapped and modelled the development of business operations and the rice value-chain, with particular attention to the cost and price structures involved with third-party supply, the provision of financial and other services, and the undertaking of rice-research. The team undertook consultations with business managers, government officials and buyers in order to inform the business model and strategy going forward. A pivotal aspect of our analysis was a full assessment of risks at each part of the integrated value chain, and advice on how these risks should be managed.