

## African green revolution depends on financing

A green revolution cannot materialise in Africa without a major concerted effort to secure financing for agricultural production. This was the message from the African Green Revolution Forum (AGRF) which ended on 6 September in Maputo, capital of Mozambique.



Over 200 delegates from across Africa and internationally attended the conference and focused on the critical role to be played by public-private partnerships and inclusive business models in the development of Africa's agriculture.

The Forum heard that the global gap in finance for agriculture stands at US\$450 billion, an issue which is more acute in Africa than anywhere else. Evidence shows that only 10% of African smallholder farmers have access to the financing they need to expand their production and raise their income.

### Successful partnerships

Irungu Houghton, convenor of the AGRF said throughout the African continent, they are witnessing successful partnerships between the private and public sectors and smallholder farmers. "But these partnerships are still too rare. We will only be able to transform Africa's agriculture, and alleviate food insecurity and poverty, if smallholders have the funds to boost their crop yields and expand their business.

Dyborn Chibonga, CEO of the National Association of Smallholder Farmers of Malawi, said some African governments have gone some way towards addressing affordability and accessibility of production inputs, but challenges still persist. Each and every year smallholder farmers are pulled into a downward spiral of taking out high-interest loans in order to buy farming inputs for the following season. Without access to credit, smallholders cannot raise productivity.

### Immediate priorities

The AGRF committed to focus over the next year on a number of priority actions, including:

- Ensuring that rising revenues from extractives industries are invested into the development of agriculture,
- Reducing corruption in public-private partnerships and designing business ventures that are transparent, environmentally and socially responsible,
- Building the capacity of farmers' associations, finance institutions and agribusiness agencies to work together,
- Encouraging governments to offer tax incentives and make preferential procurement choices for companies that source from smallholder farmers,
- Developing inclusive financial models that combine incentives, reduce debt risk and promote longer-

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Jane Karuku, president of the Alliance for a Green Revolution in Africa (AGRA) - a partner in the AGRF - said 2014 is a critical year for agriculture, when African governments will be setting investment targets and plans to develop agriculture over the coming decade. "The African Union has recognised this crucial moment and designated 2014 as the Year for Food Security and Agriculture. We are delighted to announce that next year's AGRF will be co-hosted with the African Union in Addis Ababa in September 2014."

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