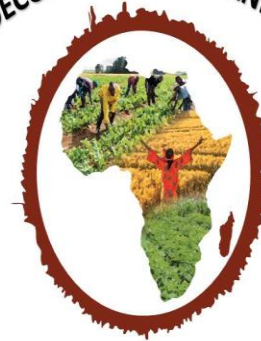


TRANSFORMING AGRICULTURE IN AFRICA  
AGROECOLOGY and ORGANIC TRADE



*Reducing Synthetic Pesticides and Fertilizers*

## Partnerships & networking

Improving access to finance for  
sustainable agriculture

Malick KANE  
UNCTAD



*Reducing Synthetic Pesticides and Fertilizers*

## Outline

1. Background: the financing challenge
2. UNCTAD/AfrOnet study on financing Organic Agriculture
3. The NGER Project



# Background

A bit of context...

Agroecology can be linked to all the SDGs





# Background

## A bit of context...

### And partnerships matter

#### Finance: 17.3

Mobilize additional financial resources for developing countries from multiple sources

#### Trade: 17.11

Significantly increase the exports of developing countries

#### Systemic issues: 17.16

Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources...





# Background

## Financing: A critical issue for the development of African agriculture

### High level commitments for improved financing:

- **2003 Maputo declaration:** commitment to allocate at least 10 percent of national budgets to agriculture and rural development projects;
- **Objective of promoting the development of OA endorsed by African Heads of State and Government in 2011**
- **Addis Ababa Action Agenda on Financing for Development (2015) →** commitment to support sustainable agriculture
- **3rd & 4th AOC** in 2015 and 2018 highlighted the need for effective funding solutions to foster the development of OA in Africa



# Background

## Financing: A critical issue for the development of African agriculture

### Persisting challenges

- Government expenditures : **Agriculture Orientation Index for Government Expenses** remains **below the world average** (0.2 for SSA vs 0.26 for the World & 0.33 for Eastern & South Eastern Asia)
- **Share of agriculture in total credit flow** (2017- source FAO): **Africa > 4%**; Asia and Pacific >4%; **World 2.9%**

*... but...*

**Agricultural contribution to GDP in Africa is almost 3 times the world average** and twice the developing countries average

➔ Rates of investment per worker in African agriculture have been declining or have stagnated for three decades (FAO)



# UNCTAD studies on financing African Organic Agriculture

## A partnership story

- UNCTAD AfrOnet collaboration on financing initiated after the 3rd AOC in Lagos and renewed at the 4th AOC
- **Mobilizing a network of African researchers** to bridge the data gap and create ownership (lack of studies, little data collection)
- **Results: 2 studies; cooperation with AfrOnet + support from World Bank (Agrifin)**
  - 1st study published in 2016, based on inputs from OA stakeholders from 16 countries
  - 2nd study (under completion), 16 researchers expressed interest, Survey developed; contribution of World Bank's AgriFin Initiative; Initial sample of 36 finance institutions from 14 countries surveyed

***Even with limited resources, stakeholders can contribute to bridge the data gap***



# Key findings

**Only 3% of respondents considered that OA stakeholders were completely able to meet their funding needs**

Despite awareness of market growth, **level of access to finance perceived as stable or more restrictive over the last 5 years** (87% of OA stakeholders and 67% of respondents from financial institutions)

**67% of surveyed stakeholders indicated that the funding needs of the sector were insufficiently met.** More than 70% considered needs insufficiently met for research, purchase of equipment and certification

Certification, organisation of smallholders farmers & purchase of equipment = areas for which securing external funding is considered the most important







# Key findings

**OA stakeholders perspective:** Limited credit backing mechanisms, lack of funding from commercial banks, high interest rates and restrictive regulatory framework, inaccurate perception and risk associated with agriculture (considered as strong limiting factors by approx 70% of respondents)

**Financial institutions perspective:** Land tenure regime, risk associated with agriculture and limited guaranties.

**Major elements for securing a loan: sales contract (international 75%, domestic 64%), profitability (price premiums 53%); Organic certification not perceived as a major factor to secure a loan**



# UNCTAD NGER: A multi-stakeholder partnership enabler

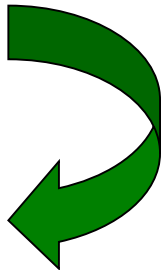
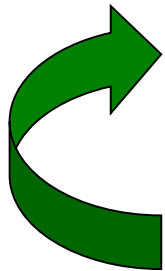
## Project description

**Objective → To promote green production and export**

### **Modalities:**

Maximizing positives externalities at the economic, environmental and social levels

Harnessing opportunities on export markets for green products (quality, environmental sustainability and price premiums)





# UNCTAD NGER: A multi-stakeholder partnership enabler

## Supported Sectors



- Ecuador → Fish and cocoa
- Vanuatu → Coconut, cocoa, sandalwood
- **Morocco → Olive products; medicinal and aromatic plants**
- Oman → Ecotourism, fish and dates
- **Ethiopia → Leather and sesame**
- **Madagascar → Pulses and coffee**
- **Angola → Timber, fish and coffee**
- **Senegal → Mango, cashew and natural cosmetics**
- Lebanon → Ecotourism and natural soap
- Moldova → Nutts, honey and cereals



# UNCTAD NGER: A multi-stakeholder partnership enabler

## Partnership dimension

- **Country level** → Creating a coalition of stakeholders around shared/mutually agreed goals

**Engagement of a broad range of stakeholders:** producers, collectors, processors, exporters... professional associations, research institutions, community groups... trade promotion agencies, tourism ministries, national development planning agencies... donor funded projects...

**Formulation and adoption of collaborative national action plans endorsed by beneficiary countries government:** **Bringing stakeholders together**

**Results: concrete financing opportunities for producers and public institutions** (ex. Morocco, Senegal, Madagascar) + **Catalytic effect** (**reorientation of existing resources & mobilisation of development assistance** (ex. Madagascar))



# UNCTAD NGER: A multi-stakeholder partnership enabler

## Partnership dimension

- **Development cooperation level** → Resource aggregation

**UNCTAD IDB Cooperation** → NGER Senegal

**UNCTAD SwitchMed Partnership** → Joint sustainable tourism project



# Thanks!

ANY QUESTIONS?

You can find me at

 [malick.kane@un.org](mailto:malick.kane@un.org)



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Agency for Development  
and Cooperation SDC



Swedish Society  
for Nature Conservation



german  
cooperation  
DEUTSCHE ZUSAMMENARBEIT

giz  
Technische Hilfe  
für internationale  
Zusammenarbeit



Bundesministerium für  
wirtschaftliche Zusammenarbeit  
und Entwicklung

IFOAM  
ORGANICS  
INTERNATIONAL



Hivos  
people unlimited

  
WORLD FOOD  
PRESERVATION CENTER®  
EDUCATION - INNOVATION - PRESERVATION

  
Biovision  
Africa  
Trust