BOOSTING SUB SAHARAN AFRICA AGRICULTURE PRODUCTIVITY THROUGH INNOVATIVE FINANCE MECHANISMS

Leading Group Meeting
Helsinki, February 6, 2013
CAADP FRAMEWORK

• MAPUTO 2003
  – Increasing agricultural productivity by 6% to end poverty and achieve food security
  – Allocation of 10% of national budget to agriculture sector
  – Alternative sources of funding to increase investment in agriculture, including ODA, private sector (and informal finance) and innovative financing
AU/NEPAD PROPOSAL

% contribution on fertilizer sales in G20 countries

- Be small enough not to affect sensitively the price to farmers: 0.1% tax on fertilizer can support 20% of fertilizer/other inputs used in SSA
- Widely adopted by developed countries and co-financed by developing countries
- Co-shared governance between G20 countries and African governments
- Channelled to farmers through innovative pulling mechanisms
POOL MECHANISMS FOR EFFECTIVE INNOVATING FINANCE

• Reducing the level of risk faced by smallholder farmers
  — management tools including WI, WRS, and CEX

• Building/increasing resilience through social protection and regional food reserves
  — (ECOWAS)

• Promoting public-private partnerships and multi-stakeholders platforms (involvement of financial institutions, co-responsibility of farmers’ associations and governments in targeting beneficiaries) AFFM
Using existing mechanisms and institutions

- African Fertilizer Financing Mechanism = domiciliated at AfDB with set criteria for disbursement
  - National resource mobilisation
  - Innovative national institutions and mechanisms
  - Association of traditional financial institutions and of regional farmers’ organisations
- Not functional as yet = shortfall of 4.5 M US$
AU/NEPAD initiatives

• On integrating agriculture and food security risk management into CAADP investment plans
  – undergoing work in Southern and East Africa
  – Starting next month in West Africa

• CAADP principles based on inclusiveness, responsibility, transparency and accountability for effective implementation, impact and results.
THANK YOU FOR YOUR ATTENTION