

African Agriculture's Success Lies in a Mindset Change

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- Investment in the supply chain is key to building productivity
- Banks must build capacity to analyse and manage risk in agricultural lending
- For more information about the meeting, please visit: <http://wef.ch/africa13>

Cape Town, South Africa, 9 May 2013 – African agriculture needs to be regarded as an economic sector rather than a social enterprise if the continent is to become a trillion dollar food market and net importer of food by 2030.

Improved efficiencies and productivity together with a move up the value chain into agro-processing would boost intra-regional trade, currently a low 10% of Africa's total trade, by building bigger markets within Africa for both fresh and processed goods.

Participants in a televised debate on investing in agriculture said that only by encouraging all stakeholders, including farmers, to see farming as a business enterprise would many of the problems bedevilling the industry be tackled. Improvements need to be made right through the chain. This includes investing at the front end in seed development and better farming techniques to boost yields and linking production to markets at the other end. Supplying reliable and detailed data is another factor helping farmers to succeed.

Infrastructure deficits are a major problem, contributing to post-harvest losses of up to 60% in some areas. Market access and fair trade are additional constraints on agriculture along with lack of land title, particularly for women who comprise the majority of Africa's farmers. The lack of title is a direct contributor to poverty in rural areas. The issue of banks' reluctance to lend to agriculture because of a perception of farming as a high-risk enterprise is also a key challenge.

James Mwangi, Group Chief Executive Officer and Managing Director, Equity Bank, Kenya, said it is difficult to lend to agriculture when it is uncompetitive. Improving the business of agriculture and managing risk through insurance products and building sector-specific risk analysis capacity would allow banks to take informed risks rather than avoiding the sector altogether, he said.

Akinwumi Ayodeji Adesina, Minister of Agriculture and Rural Development of Nigeria, said that by importing most of their food and failing to add value to local production, Africans are exporting jobs and wealth. He outlined some of the innovations Nigeria has employed to attract investors into commercial agriculture. These include a clean up of the government-run fertilizer and seed industry and the creation of Staple Crop Processing Zones in which the state provides basic infrastructure and services as well as fiscal incentives. The Nigerian government hopes the agriculture sector will eventually become bigger than the oil industry, currently the country's main revenue generator.

Michael Mack, Chief Executive Officer, Syngenta International, Switzerland, said that although productivity is a problem, Africa has more land under cultivation than either China or India. "Africa is going to be an agricultural powerhouse. It is just a question of when."

With the support of the Government of South Africa, the World Economic Forum on Africa is being held in Cape Town, South Africa, from 8 to 10 May. Over 1,000 participants from more than 80 countries are taking part. Under the theme *Delivering on Africa's Promise*, the meeting's agenda will integrate three pillars: Accelerating Economic Diversification; Boosting Strategic Infrastructure; and Unlocking Africa's Talent.

The Co-Chairs of the World Economic Forum on Africa are Frans van Houten, Chief Executive Officer and Chairman of the Board of Management and the Executive Committee, Royal Philips Electronics, Netherland; Mo Ibrahim, Chairman, Mo Ibrahim Foundation, United Kingdom; Mustafa Vehbi Koç, Chairman of the Board, Koç Holding, Turkey; Frannie Léautier, Executive Secretary, The African Capacity Building Foundation, Zimbabwe; and Arif M. Naqvi, Founder and Group Chief Executive, Abraaj Group, United Arab Emirates.

Notes to Editors

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