

**Business and Industry Intervention
CSD 16**

Africa: Thematic Discussions

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Thank you Mr. Chairman.

Africa faces some of the greatest challenges of all regions in the context of climate change and increased demand for agricultural products. Yet, it also stands to gain the most from renewed investment in agriculture and related infrastructure.

Much has already been said about the difficulties people and governments in the region have faced in increasing productivity, and in improving access to markets and information. But echoing the comments of the distinguished panelist, we encourage you to also consider the successful initiatives which have allowed farmers and others in the agricultural value chain to improve their livelihoods.

Such successes are based on the meaningful involvement of local entrepreneurs and farmers and are carefully designed to avoid short-term 'fixes' which may actually undermine the livelihoods of those same farmers and entrepreneurs; and the infrastructure they provide for food production in the long term.

A programme carried out by CNFA/RUMARK in Malawi with support from the Rockefeller Foundation has been successful at improving farmers' access to agricultural inputs for such reasons. Village retailers first participate in training in business skills and agricultural best practices. They are then eligible for an insurance scheme that guarantees partial repayment of credit extended by input suppliers should retailers be forced to default. This has allowed the creation of many new village-level sales points of agricultural inputs. Repayment rates of the credit have been very high.

By bringing the supply closer to farmers, the growing network of entrepreneurs made it possible for farmers to obtain inputs at more affordable costs and without losing as much time in travel. The village retailers were also able to provide some advice on how to properly use the inputs and had learned how to repackage bulk products into smaller quantities while protecting product quality and safety.

These entrepreneurs brought economic growth to their local communities as they began to hire additional workers.

We have heard from the delegation of Malawi about the success of its programme to help farmers access seeds, fertilizers and other inputs. Malawi is to be congratulated for

raising food production so dramatically in such a short time. However, we should make sure that we retain all the key lessons from their experience. The private sector was not involved during the first year of the initiative, and the impact on village retailers was devastating. Sales of agricultural inputs plummeted by as much as 60 to 70%. We commend the government for working with the private sector from the second year, channelling the inputs through the village retailers, thus strengthening the country's network of small business people. This creates a virtuous circle that will gradually prime the pump of the rural economy in a sustainable manner that is not eternally dependent on continued subsidies.

This case study highlights the paramount importance of designing support measures that encourage and bolster local businesses, such as agro-dealers and farmers, and that avoid distorting markets, and undermining the long term infrastructure.

I thank you Mr. Chairman