

Side Event 1 - Agricultural Financing and Credits

Background/objective

Finance is the backbone of modern economy and key to success of every business in terms of formation of a new business and developing existing business. Agricultural financing term encompasses that financial services ranging from short-, medium- and long-term loans, to leasing, to crop and livestock insurance, covering the entire agricultural value chain - input supply, production and distribution, wholesaling, processing and marketing. Within this scope agriculture sector is not an exception and is in need of working financial system especially in the Africa case. Also an operational financial system for agriculture sector works both ways since strong agricultural sector provide a solid ground for further economic development in other sectors.

In the case of Africa establishing an agricultural financing system and credits is vital for development of agriculture sector since agriculture finance empowers poor farmers to increase their wealth and food production. The main problem for most of the African farmers is lack of sufficient operating capital at proper conditions. Limited capital in agriculture also causes constraints in input supply, technology transfer and investment. Under these circumstances, farmers are limited to produce only for their own consumption at best. This vicious circle also leads to food insecurity and malnutrition for the society. In this context, agricultural credits in favourable terms are crucial for especially small scale farmers to break this vicious circle. However, small scale farmers have limited options to obtain such capital if there is no viable agricultural financing and credit system.

Turkey has a long history and thus experience in agricultural financing and credits which are performed by both public and private banks and cooperatives. As it is well known experience is very important since agriculture has sector specific risks which are directly effects conditions of the credits. Even if agricultural financing and credits available for farmers without the necessary expertise and knowledge, the financial institutions will lend a much smaller share of their loan portfolios to agriculture sector or they will be short termed.

Within this context, agricultural financing and credits issue is crucial for the African states since it is the foundation of development in agriculture sector.

The side event will provide a select overview of some successful applications of agricultural financing and credits in Turkey.

Target participants: All participants

Key messages

A. Importance of establishing Agricultural Financing and Credits System for promoting agriculture sector.

- Agriculture finance empowers poor farmers to increase their wealth and food production thus it is also an important instrument for achieving food security.

B. Turkey's experience in Agricultural Financing and Credits

- Agriculture has sector specific risks thus need technical knowledge and experience for viable finance and credits system.
- Agricultural insurance is also importing supplementary role in agricultural financing and credits since agricultural risks such as adverse climate changes are directly affecting the harvest.

Provisional Agenda

28 April 2017

Moderator: tbd

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| Welcoming remarks | African Union Representative |
| Presentation on the Importance Agricultural Financing and Credits in Africa | |
| Government role in Agricultural Financing and Credits | Ziraat Bankası Rep. |
| Role of Cooperatives and sharing Experience | Agricultural Credit Cooperatives |
| Role of Private Banks in Agricultural Financing and Credits | Deniz Bank Representative |
| Importance of Agricultural Insurance Role in Agricultural Financing and Credits | MFAL, Agricultural Insurance Department |
| Discussion | |

Language: The Side Event will be interpreted in English and French.