



Financing Constraints in the Agricultural Sector The Fijian Perspective

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Agriculture in the Fiji

Fiji is often referred to as the Garden Isles because virtually anything can be grown.

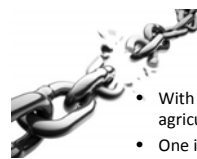
- The islands have traditionally been a land of plenty and surplus
- There is widespread demand across Fiji for high-value crops that can be raised by Fijian farmers
- Farmers have ample available and suitable land for a wide variety of crops
- Fiji was a net exporter of commodities
- Fiji is now a net importer of many basic food commodities



Agriculture in Fiji

Agriculture is an important contributor to economic growth and sustainable development of Fiji

- The ability to reclaim the previous level of food security and export is within the capability of Fiji
- However, the development of agriculture is facing many challenges
- Although offered many excellent extension services to diversify into more profitable crops – without financing options farmers' ability to diversify or expand is limited
- Over the last decade, both public and private investment in the agriculture has declined
- It is crucial to increase agricultural investment and finance and offer appropriate financing



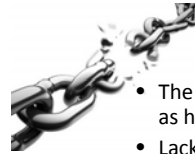
Obstacles to Success for Fijian Agriculture

- With so much opportunity at hand, what is limiting agricultural sector development in Fiji?
- One important limitation for Fijian farmers is the ability to source funds for operations, diversification, development and expansion
- Many of the financing programmes offered in more developed countries or the special financing programmes created to support African and Caribbean farmers are not available in the Pacific Islands.



Obstacles to Success for Fijian Farmers

- Fijian farmers are often unable to access loans, credit lines or other financial instruments commonly available in other businesses
- The collateral or loan security commercial lenders require is often at odds with the agricultural loan security accepted by lenders in other areas
- What credit is available is often not specifically designed or intended to support agricultural development – a round peg for a square hole



Main Constraints in Accessing Agricultural Finance

- The agricultural sector is often perceived as high risk by many financial institutions;
- Lack of sufficient eligible collateral;
- High financing costs;
- Lack of tailor-made financial products to meet specific needs of agricultural borrowers;
- Inadequate access to information on available financing schemes/products;
- Lack of support to build bankable projects.



Obstacles to Success for Small Scale and Rural Farming in the Pacific

- Large scale or commercial farmers understand banking and finance although offered few suitable financing options
- Small scale and rural farmers do not and have few if any options for accessing financing
- Without financing resources farmers are limited in their ability to support operations, diversify into higher value specialty crops or expand



Obstacles to Success for Small Scale and Rural Farming in the Pacific

- Small scale and rural farmers often have limited training in business or banking
- Little understanding or use of formal banking resources - knowledge of what services are available for their needs
- Often have only savings accounts or no bank account
- They are blocked-out for any financing resources and therefore unable to diversify, expand or grow



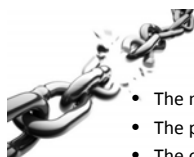
Conclusions Financing Constraints in the Agricultural Sector

- Agriculture represents a significant economic growth opportunity for Fiji
- Agriculture offers food security and import substitution during a time of economic instability
- Many extension services are offered for farmers to diversify into higher value crops
- This potential is largely unrealized due in part to the lack of suitable financing programmes and schemes to support growth, diversification and expansion by all farmers



The Way Forward Financing Constraints in the Agricultural Sector

- Agricultural commodity financing resources are widely used in developed countries and have been implemented in Africa and the Caribbean through the UNCTAD and ACP in partnership with the FAO and other organizations
- The Fijian Government can make commodity financing programmes a key priority in the drive for food security and export capability
 - A coordinated approach to this problem is needed by the Agriculture Ministry and Commercial and Development Banks to develop appropriate tailor-made financial products to meet the specific needs of agricultural borrowers for each level of development
 - The establishment of western style agricultural cooperatives that provide self-help support and resources provides an additional level of support – notably for small and rural farmers.



The Way Forward Financing Constraints in the Agricultural Sector

- The need is great
- The programmes exist
- The only question is whether the motivation is there to implement these programmes or to continue the discussion.