

SPEECH BY MR. Inoke Ratukalou on Pacific Regional Capacity Building Workshop on Enhancing Access to Finance for the Agricultural Sector, 20-21 October 2011, Nadi, Fiji

The Permanent Secretary of Fiji Agriculture

Ministry, Sir, Colonel Mason Smith

The Representative of UNCTAD

Representatives of SPC member countries

Distinguished guests,

Ladies and gentlemen,

It is my great pleasure to welcome you all to this workshop aimed at enhancing access to finance for the agriculture sector. My Division of the Secretariat of the Pacific Community, the Land Resources Division, is charged with the responsibility of assisting PICTs develop their agriculture and forestry sectors, with the objective of increasing food security and improved livelihoods among the people of the Pacific. Our agriculture sector is overwhelmingly dominated by small-holders using family labour. Past reviews and studies have shown s that if we are to improve productivity and our competitiveness with food imports and in export markets, we

must introduce new technological inputs and machinery. But these things cost money – money our farmers often don't have. And without access to credit, it will be very difficult for our small farmers to acquire these inputs and be able to compete. Improving their access to finance is therefore critical to improving productivity and competitiveness..

Among the major barriers to small-holders access to credit, are the scarce use of contracts used in the agriculture sector, and the relatively poor penetration of the formal banking sector into rural areas. Without a bank account or credit history, farmers will find it difficult to gain access to a loan because of the risks involved.. Similarly, without a record of the projected future earnings of the farmer that contracts provide, banks will be unable to calculate the level of the loan or rate of repayment.

Thus improving small-holders access to finance should also include action in these two areas – rural banking and contracting.

In Fiji, progress has been seen in recent years with mobile phone based banking and financing, which provides a potential platform for improving access to finance. In the area of contracting, we see great opportunities in working with the tourism sector and farmer organizations to supply this major customer, the hotels. The tourism sector is extremely effective at predicting future demand for agricultural products, based upon historic visitor numbers and advance bookings, and it is this consumption data that we need to use to develop advance contracts so that farmers can plan their planting and harvesting schedules well ahead of time. And it is these contracts which need to be used by the farming community to access the credit lines they need to further develop their land, their productivity and supply consistency. This approach can be replicated throughout the Pacific.

Over the next few days, throughout this workshop, we will hear examples of success stories and opportunities for the Pacific countries. What we need at its conclusion is a clear plan of action, and an indication from our development partners on how these responsibilities can be shared.

SPC would welcome entering into partnerships with development partners, credit providers, and member countries to ensure that we can progress the issues discussed during this meeting.

We urge you all (the participants) to share your knowledge and experiences, so that our actions address issues in the context of our collective experiences in the pacific region..

We wish you all a successful meeting.

Vinaka Vaka Levu.

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