

Africa's agriculture has potential but lacks resources

Many African countries boast vast scopes of arable land, but due to lack of financial resources, farming expertise and modern equipment, coupled with, among others, poor infrastructure, stagnant economy, red tape, unstable political environment, lack of sound investment policies, trade restrictions and state corruption, that land remains mostly unused, paving the way to a chronic problem of food security and riots.

 By [Issa Sikiti da Silva](#) 11 Apr 2011



Jacques Taylor,
Standard Bank Africa
director of agricultural
banking

Bearing in mind that food security engenders rising food prices and hunger, a situation that pushed the number of people currently threatened by famine at one billion worldwide, some banks operating in Africa have stepped out of their comfort zones - just providing banking services - to help develop agriculture in order to ease the food problem.

South Africa's Standard Bank, Africa's largest bank in terms of market capitalisation, launched an 'emergency assault' two years ago on the agricultural sector in the 17 countries it is operating, providing help to all categories of farmers across the whole value chain.

Changing landscape patterns creating agricultural opportunities

Jacques Taylor, Standard Bank Africa director of agricultural banking, said last week the changing landscape patterns in Africa has created opportunities for agriculture on the continent. He cited, among others, the continent's rising economic growth in the past decade (more than 5%), rising urbanised population (75%), and a parallel rise in modern supply chains.

These patterns, he said, have created opportunities such as the possibility to expand production, export opportunities as trade barriers gradually erode, lucrative supply chains from farmers to urban markets, and import substitution arising from competitive African agri-business.

Standard Bank's 'priority countries' in the short term include Ghana, Nigeria, Kenya, Namibia, Uganda and Zambia, followed by 'second-tier countries' such as Mozambique and Tanzania. Nigeria - Africa's most populous nation with 140 million people - currently produces about 80 million tonnes of maize and 30 million tonnes of cassava, according to statistics. Taylor said countries have been rated on the basis of risk factors which include good infrastructure, economy, stable macro-economic and political environment, trading across borders and agri-business potential.

"It makes it difficult for us to invest in this sector in the DRC because this country has got so many

challenges, including massive infrastructure problems," Standard Bank Africa director of communications Vincent Magwenya told Bizcommunity.com.

"For instance, it is very challenging to move from one place to another by road," he added. "A country such as Angola has understood these challenges and has started to do something about them."

Understanding the sector and its dynamics

Standard Bank Africa, which is already in possession of a banking licence and opened an office in Luanda and is on the verge of opening 12 more in the coming months, will start full operations in Angola towards the end of the year.

"The number one rule is that you must have a better understanding of the sector and its dynamics, including issues of supply and demand of that country," Taylor said.

Standard Bank, which aims at primarily creating a culture of Africa feeding Africa through agriculture, said it expects its agricultural financing project to contribute this year to about 40% of its assets growth in Africa. Standard Bank, which also provides fertilisers and tractors to farmers, said its aim is to create powerful systems to make African farmers more effective and competitive. The bank's broad themes in the value chain involve promoting market penetration, seeking control over production (more value-added processing), seeking direct access to markets, and integrating inputs and logistics, among others.

ABOUT ISSA SIKITI DA SILVA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

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