

GROWCONGO CONFERENCE

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Thank you Madame Chair.

Prime Minister Mouamba, Minister Djombo, fellow speakers, honourable ladies and gentlemen.
Bonjour a tous.

It is a pleasure to be here today to discuss the opportunities for strengthening and investing in the agricultural sector in the Republic of Congo.

I work at the International Fund for Agricultural Development, IFAD, or FIDA, en francais. It is both an international financial institution and a UN agency, the only organization of its kind. We are also the only institution exclusively focused on transforming rural sectors to make them more inclusive, resilient and productive. Through loans, grants and technical assistance, IFAD invests in millions of rural people who are at risk of being left behind, including women, youth and the marginalized such as the disabled.

Working primarily through governments, IFAD is focused on helping countries reach the sustainable development goals, in particular SDG 2 -- eliminating hunger, SDG 8 -- decent work and economic growth, and SDG 10 -- reduced inequality. And we are making progress despite the enormous challenges. Each year, IFAD's investments help improve the resilience of 9 million beneficiaries, increase the production of 15 million smallholders, increase the value of sales of 16 million beneficiaries and raise the incomes of 20 million rural men and women by at least 20 per cent. Our ambition is to more than double that by 2030. More on that later.

As with many countries in Sub-Saharan Africa, in the Republic of Congo both the challenges and opportunities are large. As the oil business boomed, agriculture's share of gross domestic product fell from over 30 per cent in the 1970's to 7 per cent last year, though it employs 40 per cent of the work force, 70 per cent of whom are women. Only 2 per cent of arable land is cultivated and domestic production only meets 30 per cent of national food needs. Rural areas, home to a third of the population, have a 70 per cent poverty rate.

We are strongly supporting the government's efforts to promote the agricultural sector and make fundamental changes to three major constraints:

Number one: the investment climate

As noted in the Government's own National Employment Policy, the business environment has been characterized by, among other things, the lack of appropriate legal and regulatory frameworks and the lack of policies to promote private enterprises. But changes are being made as is evident by our meeting here today.

Number two: access to finance

The low penetration of financial services in rural areas is a substantial obstacle for rural enterprise of agribusiness. As an example, agriculture accounts for only 2 per cent of the portfolio of the Congolese Savings and Credit Scheme, the largest microfinance institution in the country.

Number three: infrastructure

With the majority of agricultural production in rural areas far from the urban centers, improving transport corridors and storage facilities to physically connect rural production sites with urban food markets would significantly enhance the business opportunities for, and income of, farmers and rural agri-businesses.

So what is IFAD doing to help address these challenges? Last year in close collaboration with the government, we developed a strategic framework for the 2019-2024 period, which you can find on our website. It has three objectives:

One: strengthen the capacity of smallholder farmers. We will invest in improving the quality of raw and processed agricultural products by facilitating partnerships and business relationships between agri-business entrepreneurs and smallholder producers and their organizations. We will also promote young men and women entrepreneurs and start-ups that bring fresh dynamism to the sector.

Two: We will invest in efforts to increase the access to small-scale producers and other value chain stakeholders to financing and financial services. Special attention will be given to designing products accessible to start-ups led by young men and women entrepreneurs. This will be done by again building partnerships, in this case between agribusinesses and microfinance institutions, with farming contracts and purchase guarantees leveraging financial services for smallholder producers and their organizations.

Three: we will support the government's renewed efforts to improve the policy and regulatory environment for micro, small and medium-sized businesses in the rural sector, including through facilitating multi-stakeholder dialogues. These feedback mechanisms are essential.

The primary vehicle we have for operationalizing our strategy is a project. We currently have one ongoing projects, the Inland Fisheries and Aquaculture Project, which aims to bring about a sustainable improvement of income and food security for fisher folk and fish farmers by developing the fisheries value chain. A second project that we are very excited about is expected to be approved this year. The Youth Agriculture Entrepreneurship Project will aim to improve the productivity, competitiveness and climate resilience of the cassava, banana, yam, cocoa and maize value chains. And as its name indicates, it will focus on generating business opportunities for young men and women.

As I mentioned earlier, IFAD is looking to double its impact in the rural sector by 2030. A central element will continue to be our core lending program, which currently amounts to roughly 3 billion US dollars every three years, but which we hope to significantly increase with financial support from our member countries and borrowing from capital markets.

A second element will be a transformation of our current Adaptation for Smallholder Agriculture Programme, or ASAP, to what we call ASAP Plus. ASAP is a single purpose vehicle for increasing smallholders' resilience to climate change. ASAP Plus will apply the lessons learned from the current program while putting greater emphasis on mitigation and on social inclusion themes such as gender, youth and nutrition. It will also work with a broader range of partners including non-governmental organizations.

The third element will be direct engagement with the private sector. Last year we launched the Agri-Business Capital Fund, or ABC Fund, which provides loans and equity investments directly to rural

small and medium sized enterprises, farmers' organizations, agripreneurs and rural finance institutions. In order to increase our private sector engagement even further, last year our Executive Board approved a new private sector strategy, a key element of which is the Private Sector Financing Program. It aims to catalyse and crowd in financing from financial institutions, private sector and other private actors for small-scale producers, their organizations and small and medium sized enterprises in rural areas. We are very excited about this new area of work, since it is the private sector that will generate the jobs for a bulging youth population.

Ladies and gentlemen, esteemed ministers, almost half of the population in Congo is under 20 years of age. According to the government's national development plan, unemployment among young people reached 42 per cent in 2015. Yet every year 180,000 young rural people are added to the labour market. We must use all tools at our disposal to address this challenge. Nous n'avons pas de choix. And IFAD is honoured to support the government in its efforts to do so.

Merci beaucoup.