

Partnership provides financial solution for Zambian farmers purchasing farm machinery

A retail finance partnership between AGCO, Zambia Limited and the Zambia National Commercial Bank Plc (Zanaco) have been launched at AgriTech, Zambia's outdoor agriculture expo. The partnership will provide retail financial solutions for farmers purchasing machinery from AGCO's Massey Ferguson brand.



Source: AGCO Corporation

“Access to credit is a crucial requirement for farmers seeking to acquire the right equipment to expand and advance their businesses,” says Nuradin Osman, AGCO vice president and general manager Africa. “This partnership has been set up to address the specific needs of the agricultural industry which is often perceived as too high a risk for financial service providers due to its seasonal nature, irregular income streams and exposure to external factors such as the weather, pests and commodity price fluctuations.”

“AGCO understands the pressure that Zambian farmers are facing – from small-scale farmers through to commercial enterprises and large agri-projects. Together with our partners BHBW Zambia and Zanaco, we have developed a finance solution aimed at the full spectrum of farming operations which offers affordable and low-rate financing in the form of financial lease and loans.”

Financial needs of farmers unmet

According to the report, *Scaling Up Agricultural Credit in Africa* submitted to the Brookings Institution's Ending Rural Hunger Project, the financial sector meets less than 3% of total smallholder demand for financing, estimated at \$450bn. In sub-Saharan Africa, only 95 of 900 banks surveyed provide financing to farmers.

The provision of finance facilities for farmers throughout the sector in Zambia demonstrates AGCO's approach to advancing African agriculture through the identification of the key challenges and barriers to growth in the industry and the development of innovative solutions to overcome them. As a result of this strategy, another recent major initiative is the AGCO Agribusiness Qualification. Here the company pinpointed the skills shortage in junior management in the agricultural supply chain and established a two-year academic program focused on developing the talent, leadership and strategic expertise to further drive African agricultural prosperity.

Commenting, Hennie Heyneke, Managing Director, BHBW Zambia said: "Access to retail finance is an important benefit for our customers' business growth, enabling them to realise their farm machinery purchases, invest in the latest equipment and manage cash flow in line with seasonal demands."

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