



Making sustainable connections

Connectivity beyond partnerships



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Making sustainable connections, connectivity beyond partnerships

Can geo-data bring a bright future?



Making sustainable connections, connectivity beyond partnerships

Can geo-data bring a bright future? Yes, it has new unlimited possibilities.....



, If we can make real connections



1

Rabo Development



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Rabo Development within the Rabobank Group



Rabobank Foundation

- Development of cooperatives, microfinance and sustainable agri value chains in rural communities of developing countries
- Project based through grants, guarantees, (soft) loans and consultancy



Rabo Development

- Create access to financial services in developing countries with F&A potential through rural retail banks
- Investment in, and development of partner banks through financial investment, delivery of management services and technical assistance



Rabobank Group

- Rabo International
 - F&A Banking
- Local Member Banks
 - Retail banking
- Group entities
 - Leasing, insurance, etc.

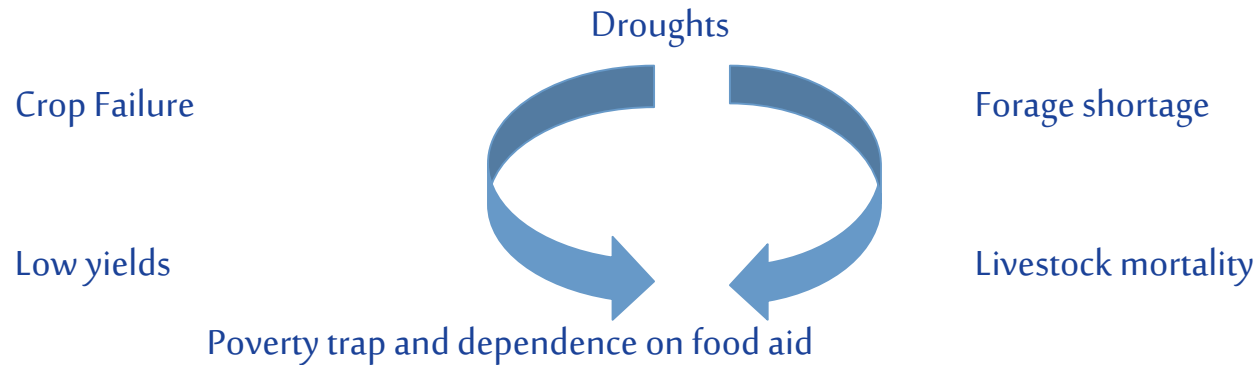
Sustainable cooperative banking with involvement in the F&A value chain

2

G4AW Crop and Livestock Insurance Project in Ethiopia



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Uninsured climate risk is main driver of persistent poverty.

Insurance can minimize downside risks and improve livelihood of farmers, but despite many weather insurance pilots which have been implemented in developing countries in the last decade only very few have been commercialized on a larger scale.

How it that possible!!!!

G4AW crop insurance pilot with Oromia Insurance Company

Aim: introduction of a weather index and a livestock index insurance as a cushion for weather risks

Strategy: using more advanced data for development of insurance products

Results so far:

- 45 villages involved, covering 5,623 farmers in different zones
- 1st year 271, 2nd year 356 and 3rd year 116 farmers involved. This year they expect to involve 1,000 farmers



G4AW crop insurance pilot with Oromia Insurance Company

Challenges which has been addressed so far:

From insurance company view-point:

administration costs are higher than the premium paid

From farmers view-point:

premiums are high (20% of the input costs insured for weather risk insurance and 7.5%- 11% for livestock insurance)

farmers perceive no benefits if there is a year without pay-out



G4AW Crop and Livestock Insurance Ethiopia



In my opinion this pilot is a good initiative because this product is based on a 'well-defined' index which can't be manipulated by any party, but I don't think it will be a success.

Non-reliable data was not the main cause of the failures of the other pilots!

Although we have neither a golden bullet, making sustainable connections are pivotal!



3

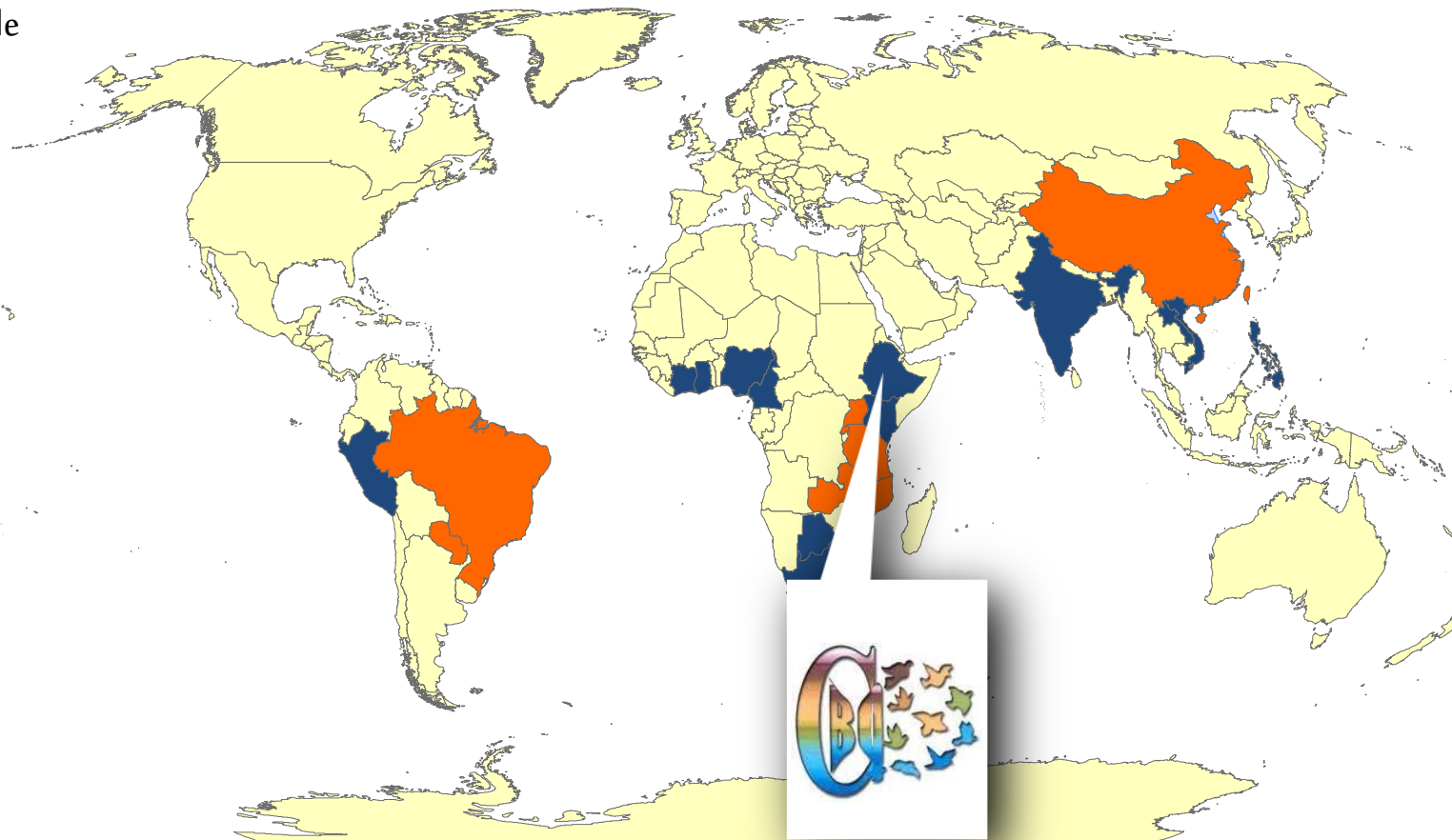
Making sustainable connections



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Making sustainable connections: Past-Present-Future

GEDA Principle



Making sustainable connections: 'GEDA-principle'

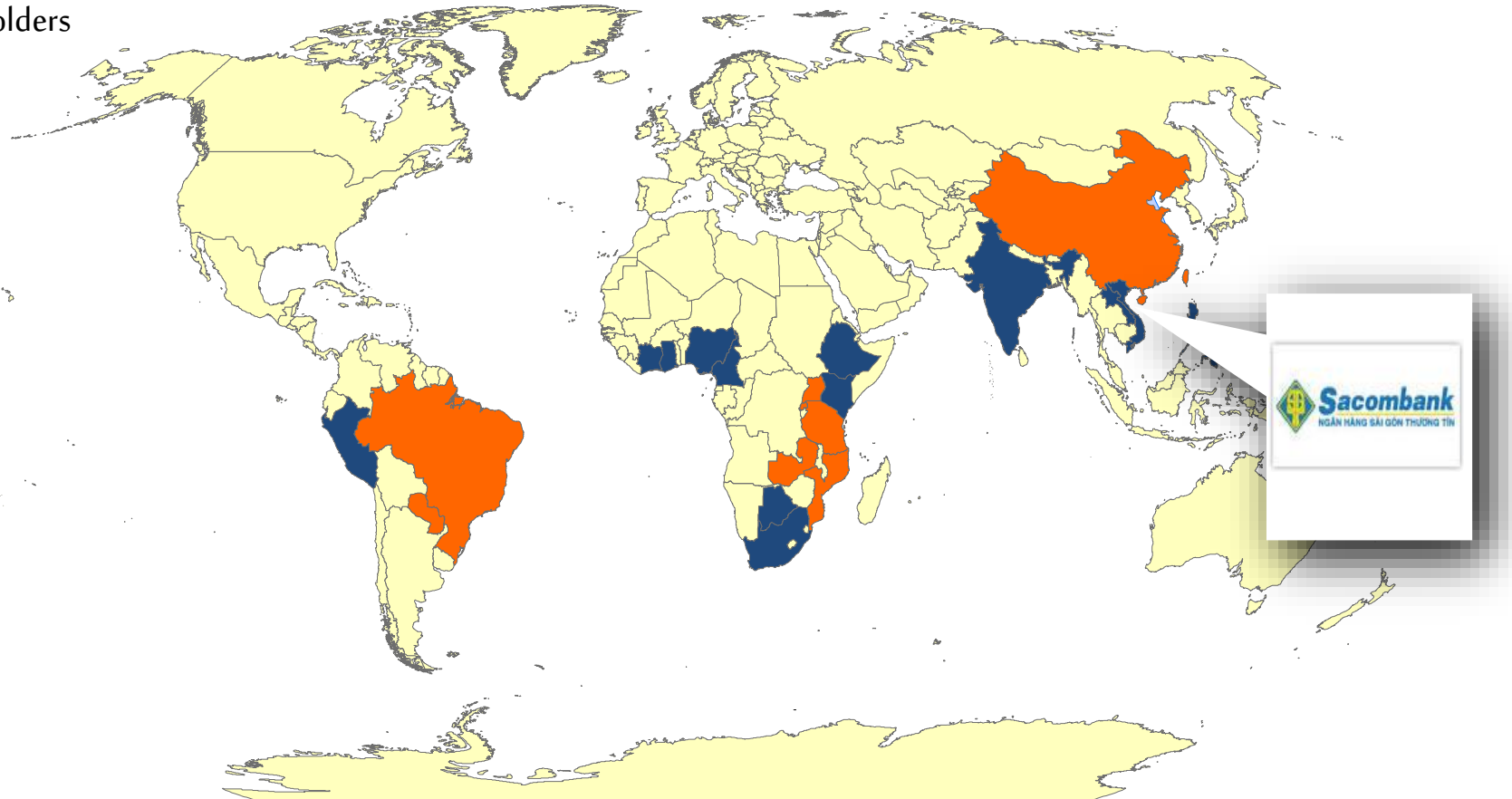
GEDA-principle:



Strong but invisible connections !

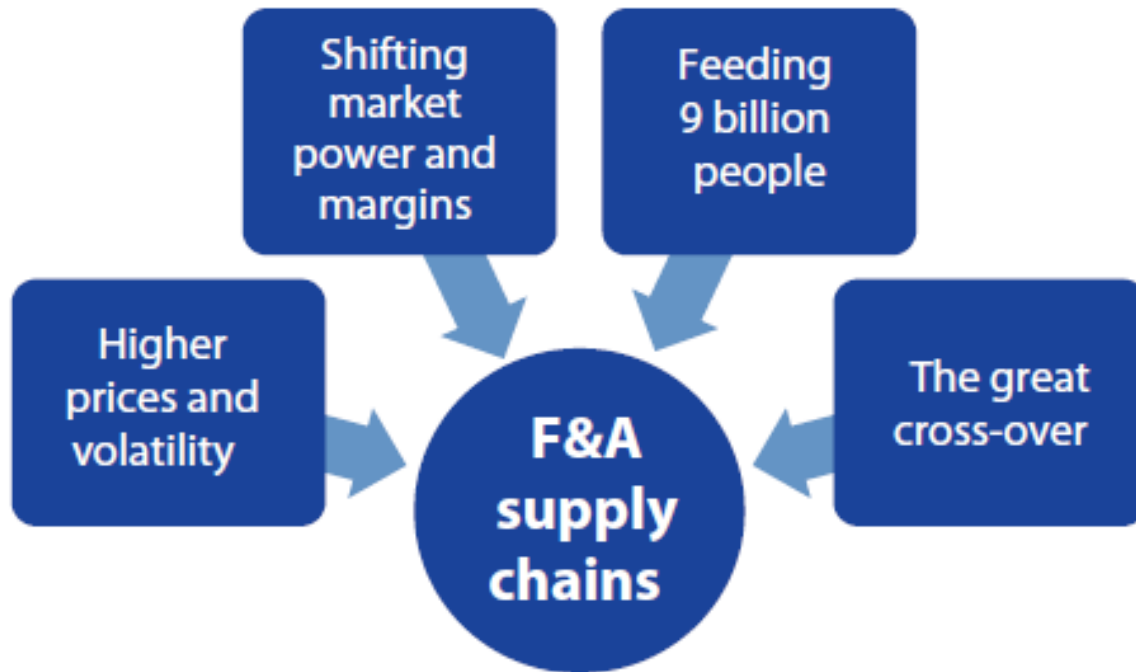
Making sustainable connections: close cooperation between Multi-Stakeholders is pivotal

Multi-Stakeholders



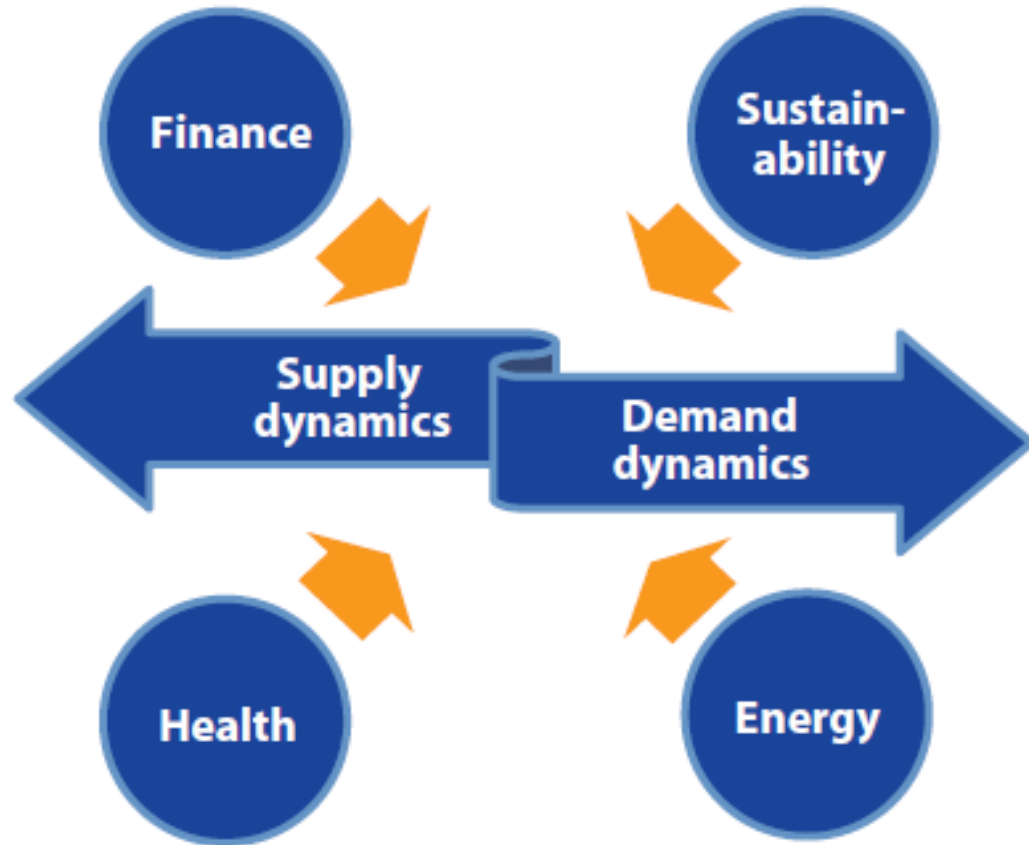
Why is close cooperation pivotal? F&A supply chains are under unprecedented pressure

Four drivers are responsible – the first three are well known, the fourth, the great crossover, is new



Making sustainable connections: the great crossover creates new complexity, adding to supply chain pressure

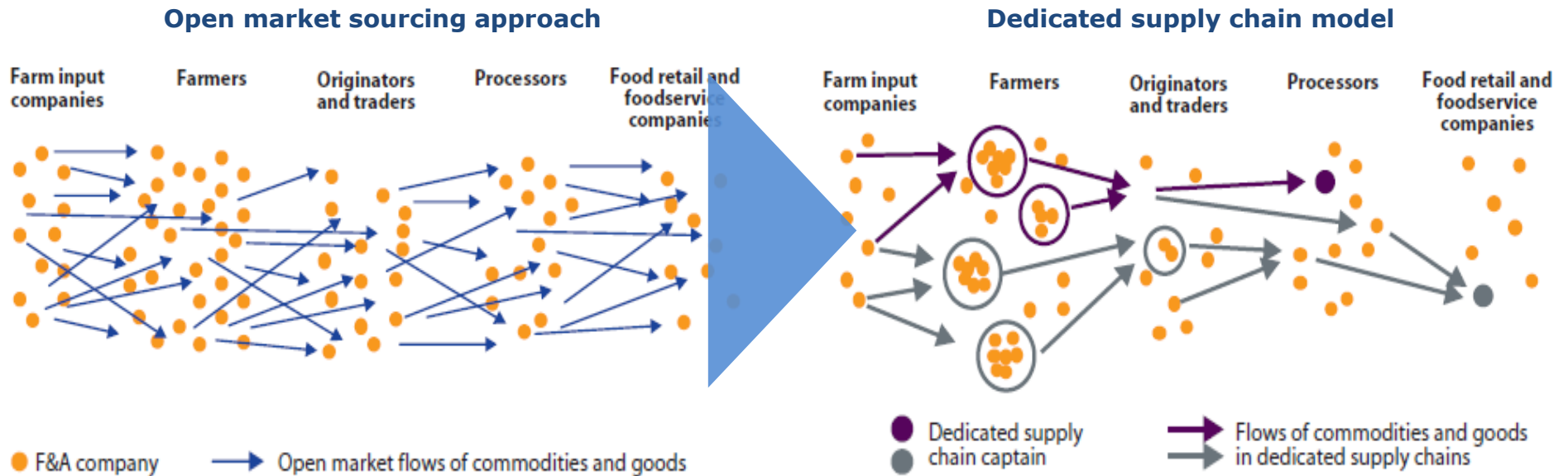
This overall concept is new, even though the individual elements are well known



- Four outside agendas now influence the traditional dynamics of supply and demand in the F&A sector
- Their individual and combined influence has become material
- The complexity created is set to remain for at least this decade

Complexity in the supply chain, aligning the supply chain

The increasing complexities in supply chain making it prerequisite to align the supply chain. Focus on how supply chain relationships are managed and build platform for growth



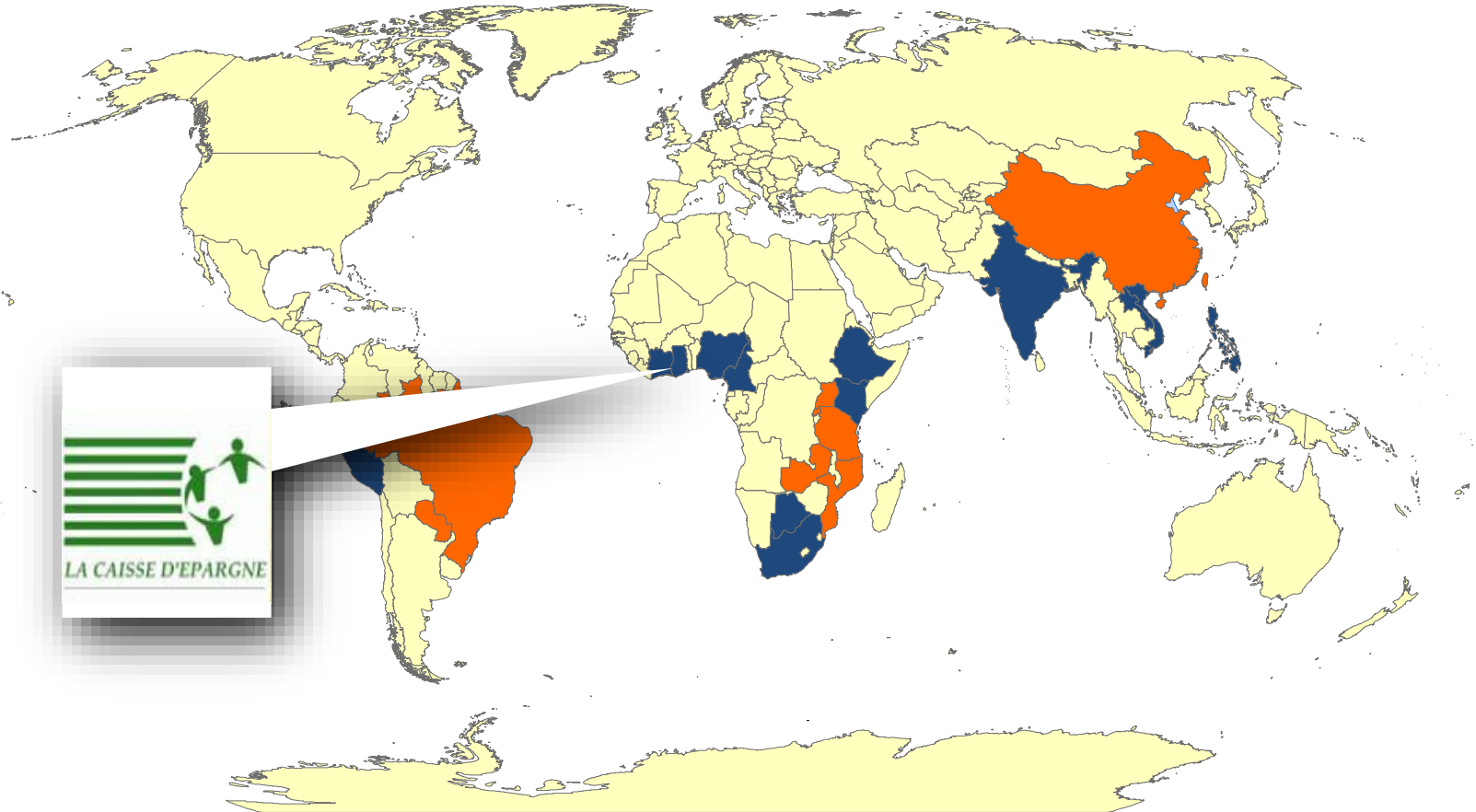
Rabobank's view is that closer cooperation is the key to winning through the supply chain: Multi stakeholder approach

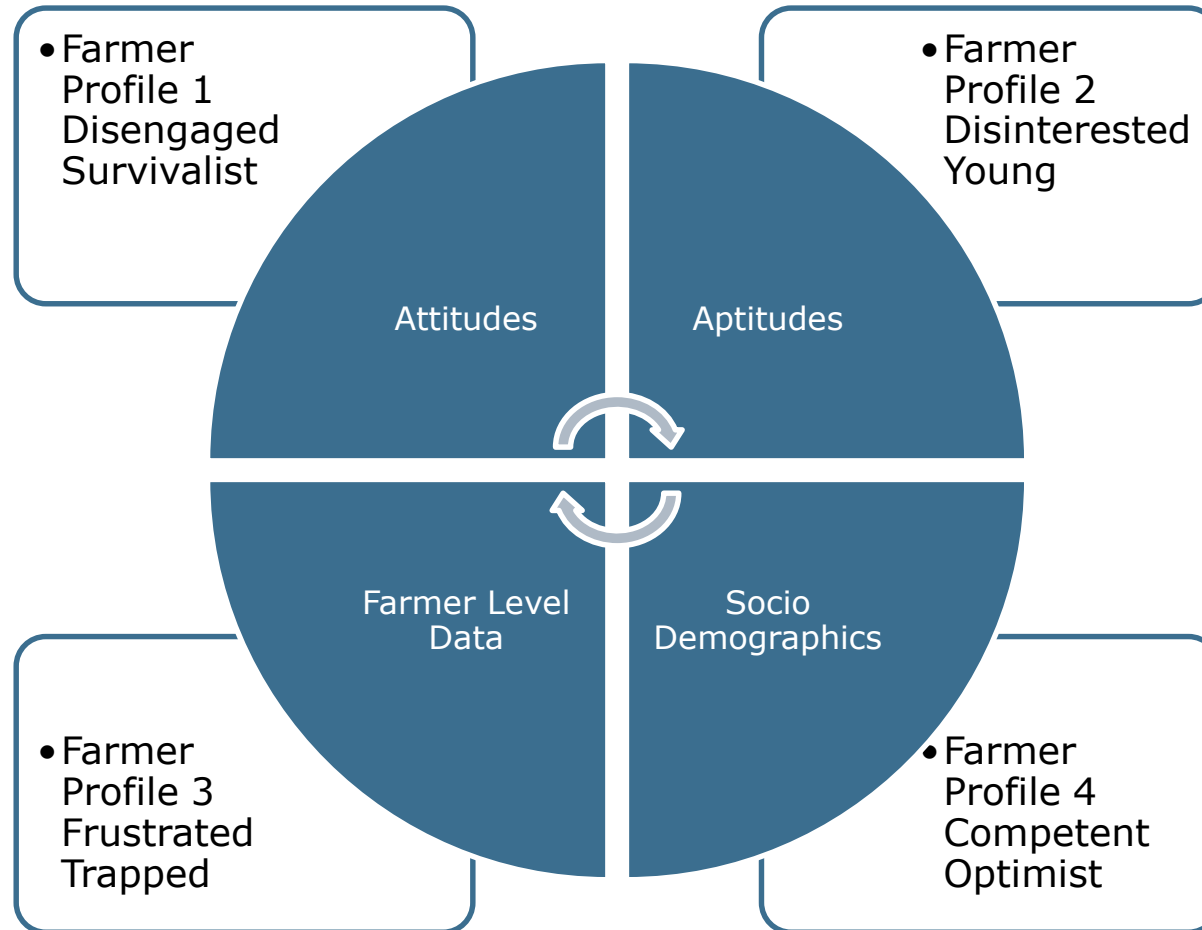


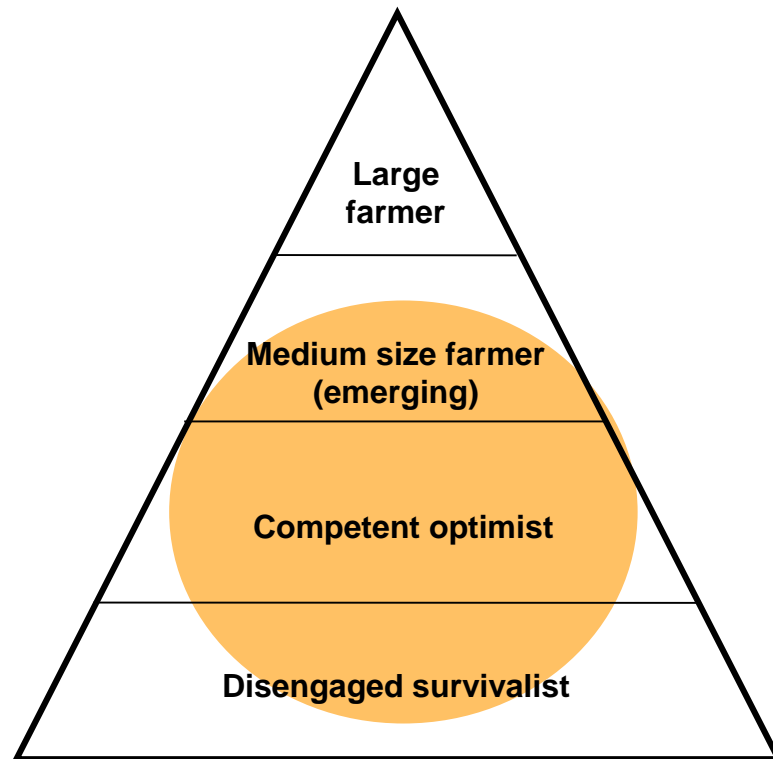
Cargill supports farmers with good agronomical practices and Sacombank provides Input Financing via an Input Financing Scheme. This leads to higher yields and better protection of the environment.

Making sustainable connections: smallholders

Smallholders







Select large, medium sized and competent farmers who have a more entrepreneurial spirit

Making sustainable connections: connectivity beyond partnerships



Creating connections based on:

- Local heritage and context
- Integrated, multi-stakeholder approach
- Knowing the characteristics of your farmers and selection of farmers

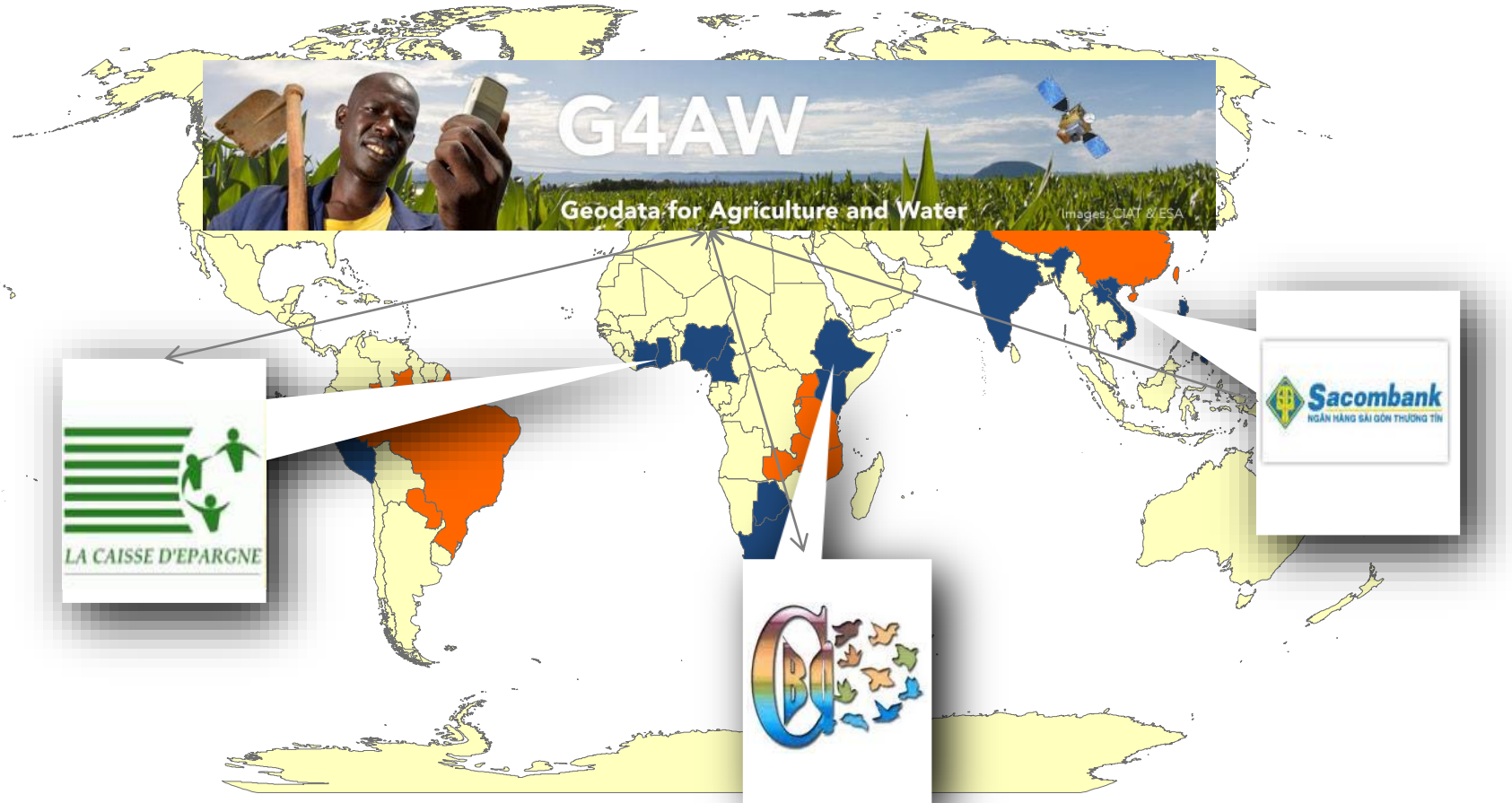
Weather risk insurance is only one element of the many challenges smallholders are facing. The smallholder should be the starting point instead of the insurance policy.

Advise G4AW in Ethiopia:

- Select the right entrepreneurial farmers in the pilot instead of 'smallholders'
- Involve more stakeholders to share risks and revenues
 - Involve a bank and develop a financing-insurance product
- Know their heritage and culture
- Start with a thorough 'in-depth' analysis of the whole supply chain
- Initiate initiatives which increase yields AND which cushion the risk of yield failure
 - Perhaps it could be attractive to change a crop from a food crop into a cash crop with dry resistant seeds, good agronomical support and an insurance. This makes it easier for farmers to pay the insurance fees.

Making sustainable connections: G4AW

G4AW



Geo-data can bring a bright future if data are used to serve and facilitate projects.

4

Questions and discussion



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Thank you for your
kind attention

