



**Stanbic Bank Zambia
Agricultural Banking|**

Insurance and Banking -Agriculture as a success

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Kampala**



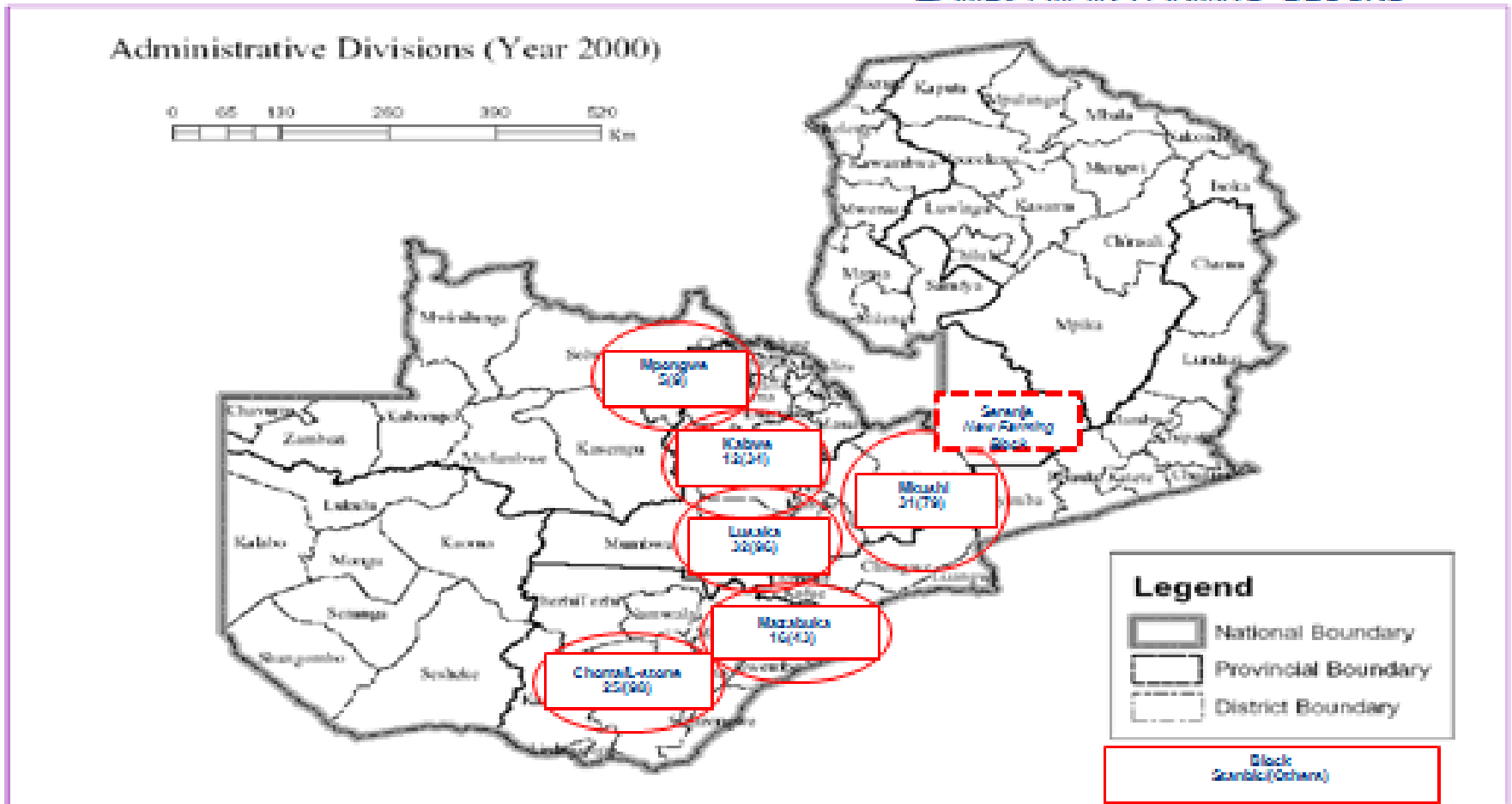


Why is Agriculture a focus

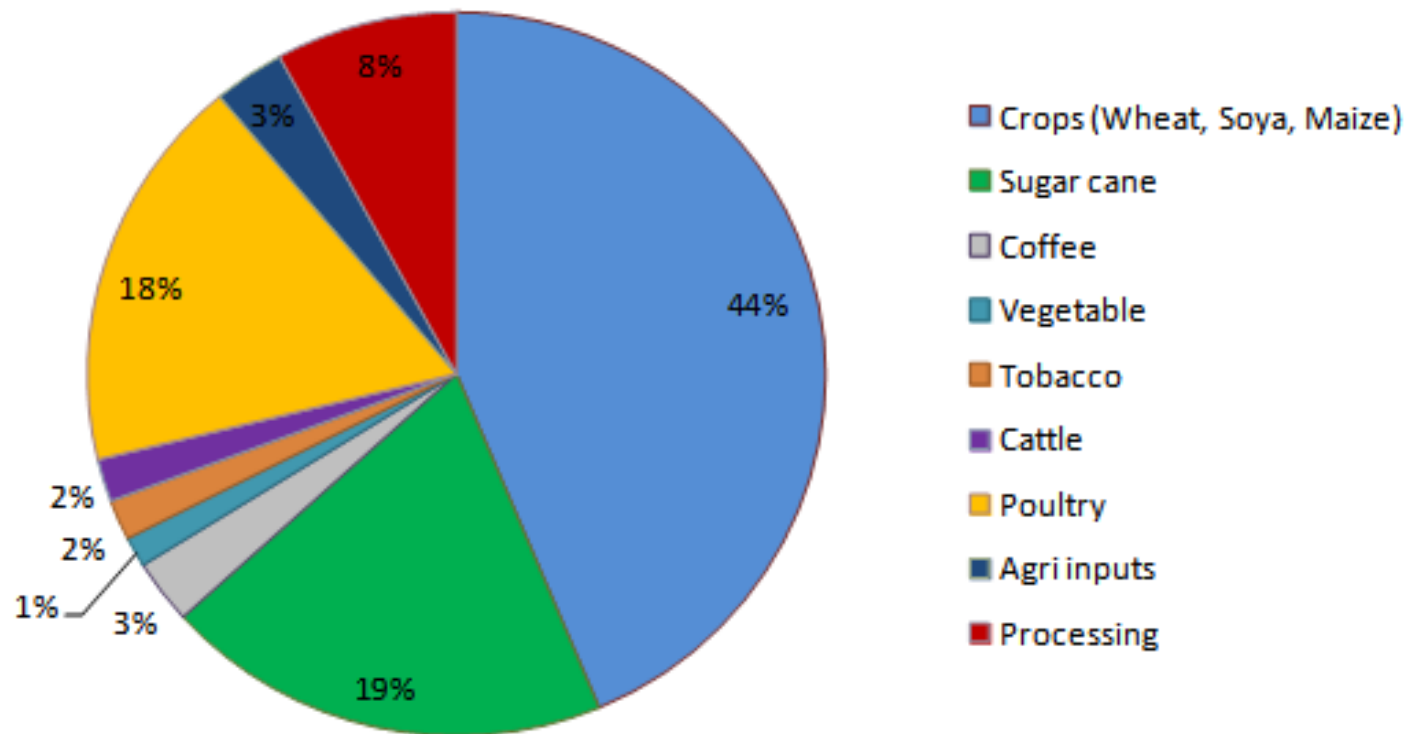
- Agriculture in Zambia currently accounts for 22% of GDP
- Potential to feed over 200 million
- 43 mn Hectares of arable land (only 14% is currently in use)
- Irrigation potential of over 2.7mn Hectares
- Abundant water resources (40% of SADC fresh water reserves)
- Additional billions in new private sector investments expected over the 3 year period to 2016 creating opportunities for:
 - Commodity Finance
 - Trade Finance
 - Collateral Management and
 - Infrastructure Development (irrigation/storage)



ZAMBIA-MAIN FARMING BLOCKS



Stanbic Zambia Commodity exposure 2013





What is Stanbic doing in Agriculture

- Set up an Agriculture department dedicated to serve Agriculture clients
- Opened branches deliberately in the major farm blocks : Mkushi, Kabwe, Choma, Mazabuka
- The only bank with dedicated Agriculture Managers in all the farm blocks
- Dedicated team dealing with Vehicle and Asset Finance
- Have grown assets from K27m in 2009 –K1.4bn in 2015
- Banking 270 customers of the 550 registered Commercial farmers with ZNFU

INSURANCE IN ZAMBIA

Major weather risks

- The Weather insurance landscape in Zambia is quite limited as the weather in Zambia is quite stable
- Drought happens once in 10 years we are currently in a semi drought
- Late rains which delays production and affects the yields
- Hail and storm which usually affects Tobacco and Maize production in the summer
- Flood which usually affects the Northern province small scale farmers

Insurance companies and services

- Madison Insurance offers general insurance, farm packs, drought and flood and hail insurance
- Focus general insurance are the only insurance company currently offering Weather Index insurance which is being tested by our farmers
- Professional Insurance company is also have started to offer Agriculture insurance
- Zambia State Insurance company have been in insurance long and offer Agriculture insurance.



Risks and Mitigations in Agriculture

Despite what is said about the Risk in Agriculture we are still in it.

Risks	Mitigations
Drought	Irrigation
Hail, Fire , Storm	Insurance
Lack of Financials	Start keeping records
Forex	Align loan currency with income
Market	Off taker contracts where necessary
Single Cropping	Diversifies farming operation
No titles or leased land	Higher cash contribution



Minimum Requirements for a financial Institution to look at your proposal

- Have a track record of your farms Production yields
- Good Management is key to a successful business
- Keep good financial records
- Projected cash flows that are conservative to allow room for fluctuation and stress
- Be sure of a Market for your produce.
- Determine the farms Repayment ability, throwing debt at every problem is not a solution
- You have to contribute own funds towards the business



Agriculture the Risk worth taking !!! Asante Sana

