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)
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 a 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.*

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