

Coping with Financial Risks

Dr. Thomas Rüschen | Frankfurt | 22 June 2011



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1ST CHOICE FOR YOUR MONEY.



The universe for sustainable investments.

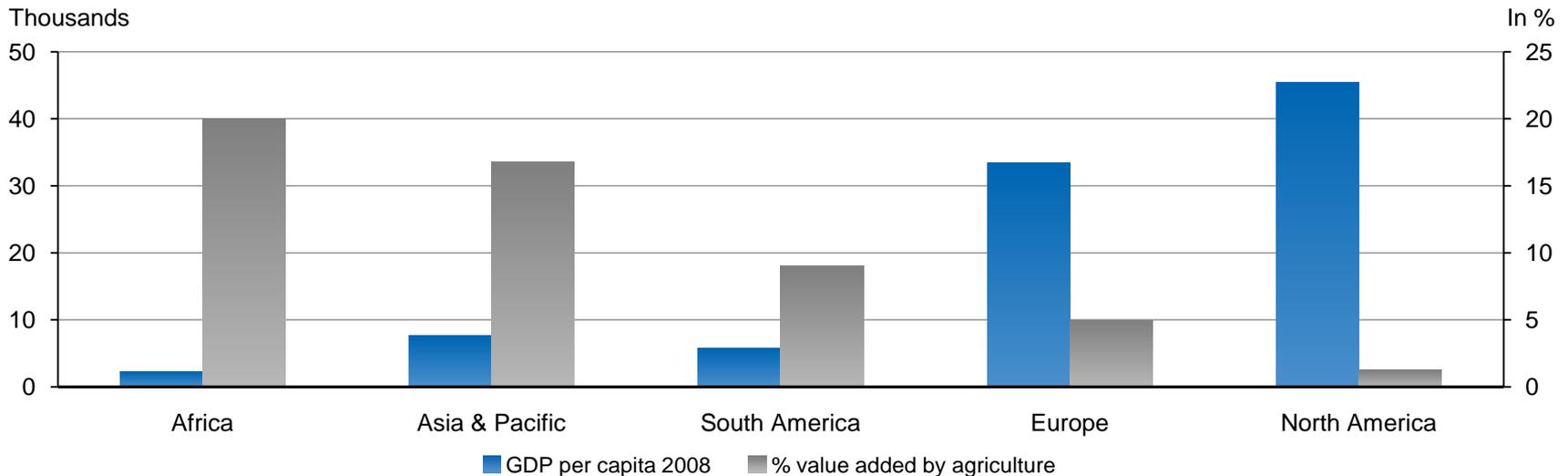


Agriculture – a key sector for food security and economic prosperity ...

Agriculture is directly linked to rural poverty and lack of food provisioning

- The world's population is projected to increase from 6.5 bn to 9.2 bn by 2050
- Rising demand, in particular in developing countries, requires higher efficiency in the agricultural business to reach “food security”
- Around 925 million people are considered hungry, 50% of which are involved in agriculture

Dominance of the agricultural sector in developing countries

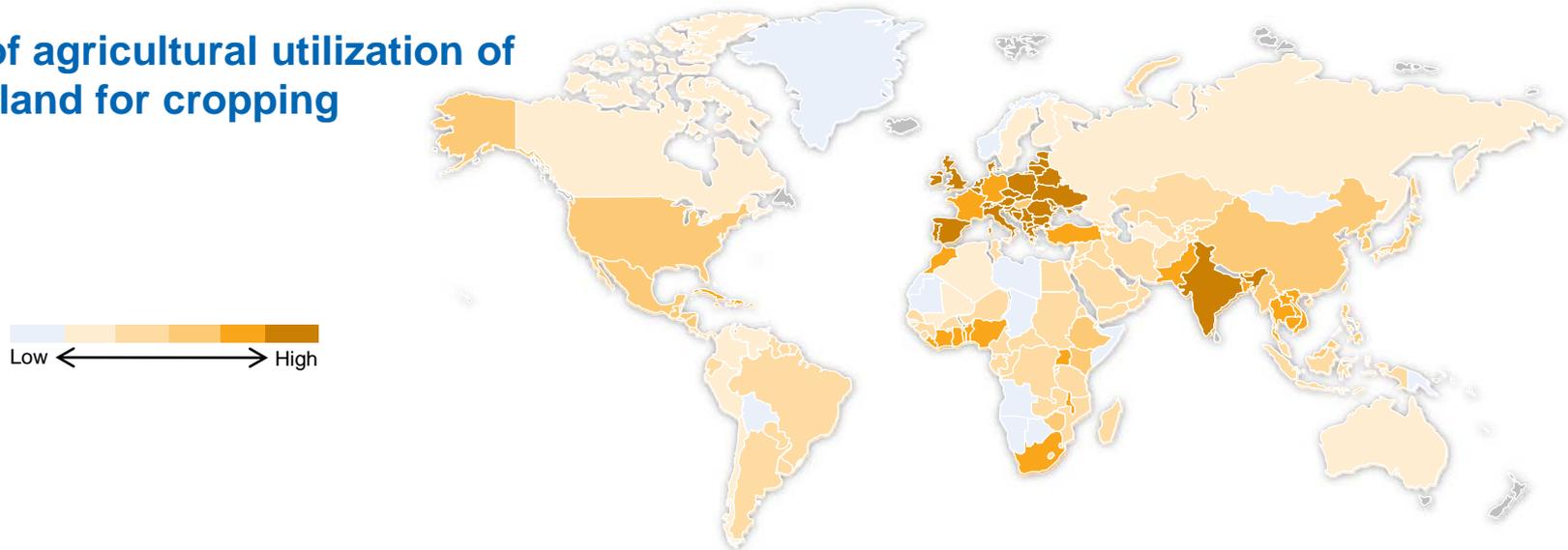


... with an increasing demand for investments in agricultural technology und utilization.

Agriculture has large untapped economic potential

- Emerging markets with steadily increasing food demand resulting from higher urbanisation rates (due to massive increases in emerging markets infrastructure spending)
- Example: USD 40 bn p.a. would need to be invested in agriculture across Sub-Saharan Africa to half the hungry by 2014

Degree of agricultural utilization of existing land for cropping



»» Difficult to obtain funding due to high political and legal risks

Note: 1) UN Millennium Development Goals

Source: FAO, UN, World Resources Institute, African Development Bank Group, UN World Population Prospects, Worldbank

The concept of “double bottom line” measures social responsible investments.

The concept of “double bottom line” was introduced in 2007



Public private partnerships – a possible solution to absorb financial risks.

The issue:

- High risks result in reluctance to invest (political, legal risks)

A possible solution

- Public private partnerships
- Government investing alongside with public investors; accepting the first loss tranche
- Means to overcome investment obstacles

Public private partnerships (PPP) – the structure

