

# Coping with Financial Risks

Dr. Thomas Rüschen | Frankfurt | 22 June 2011



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1<sup>ST</sup> CHOICE FOR YOUR MONEY.



# The universe for sustainable investments.

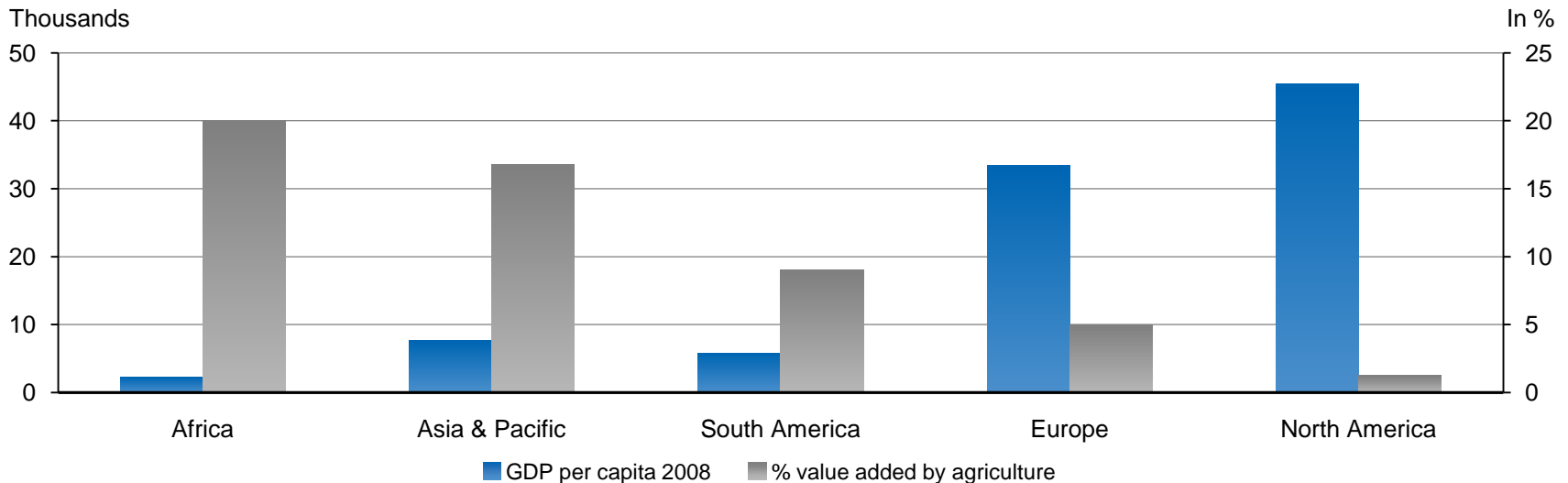


# Agriculture – a key sector for food security and economic prosperity ...

## 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



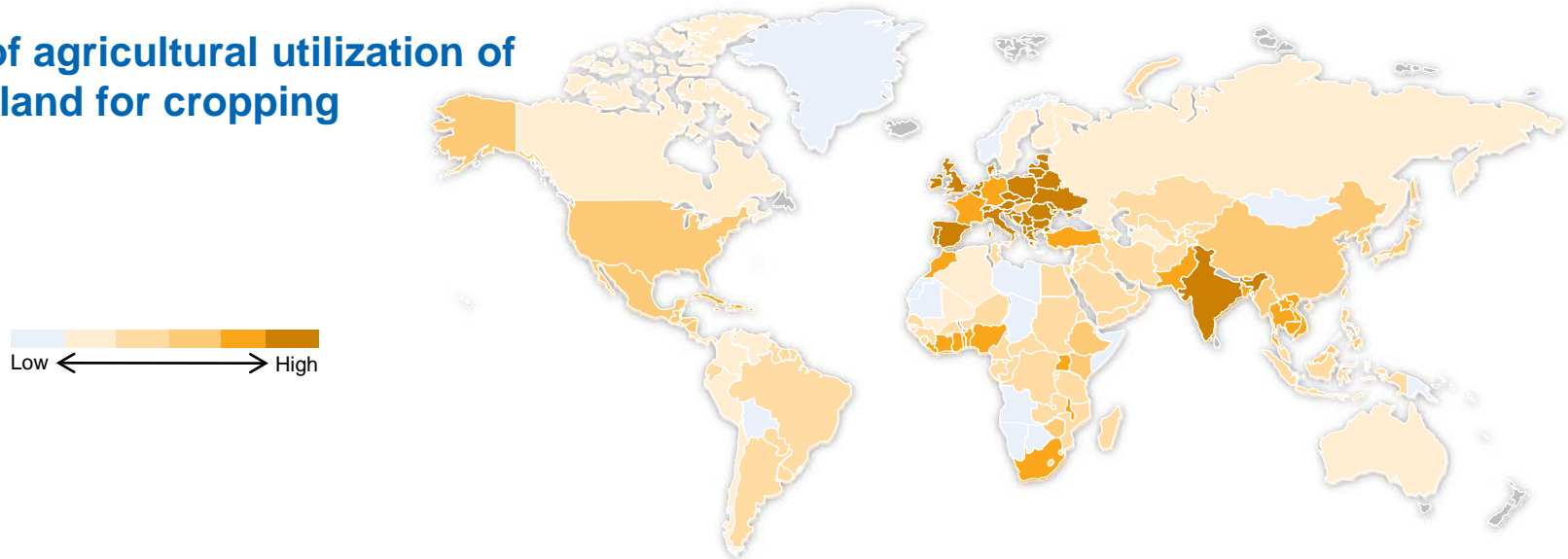
Source: FAO, UN, World Resources Institute, African Development Bank Group, UN World Population Prospects, Worldbank

# ... 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



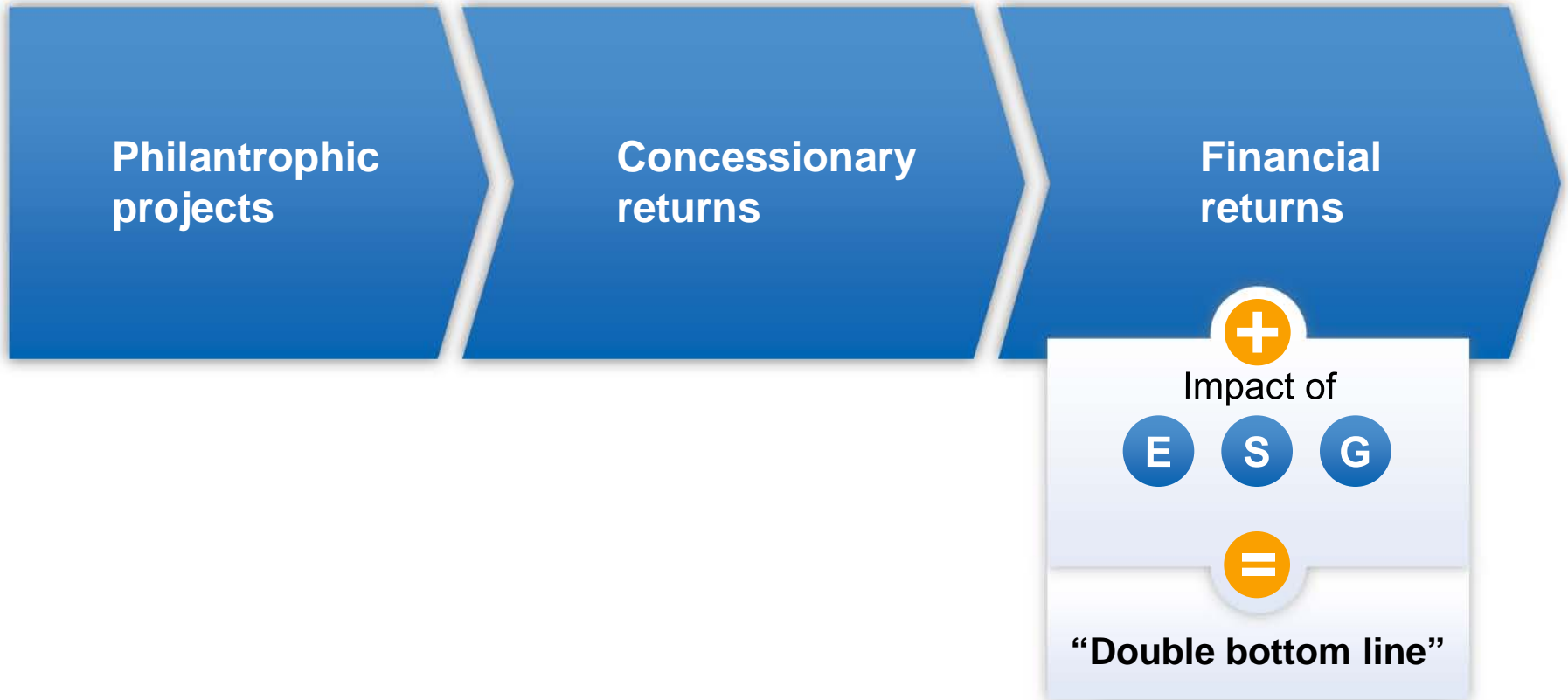
»» Difficult to obtain funding due to high political and legal risks

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

