

Minutes break-out session 1 - Launch of Launch of publication "Geodata and ICT Solutions for Inclusive Finance and Food Security"

After the introductory presentations by Mariel Mensink and Martijn Vranken about the possibilities of geodata and ICT solutions for improving food security and access to finance, the break-out session included a discussion with the following panellists:

- Emilio Hernandez, Senior Financial Sector Specialist, CGAP
- Kees de Bie, Associate Professor Spatial Information for Sustainable Agriculture, University Twente
- Maurits Voogt, Managing Director, eLEAF
- Michael Tsan, Partner, Dalberg
- Pierre Schonenberg, Senior Projectmanager Agri, Rabobank Development

The panelists were asked to discuss the following questions:

- 1) What is your organization currently doing in the area of geodata/drones for inclusive finance and food?
- 2) What is your organization planning on doing in the area of geodata/drones for inclusive finance and/or food?
- 3) What are your recommendations regarding the "way forward" for the financial and agricultural sector as a whole?

Rabobank: financiers have an intermediary function: risk and profitability perspective. Banks are always looking for data and information. There is a lack of track record for cooperatives and farmers. As a bank, relevant information could be provided on:

- land mapping
- productive capacity (consequently repayment capacity)

Banks are offering alternative ways of financing and will move from more collateral based to cash flow based financing. Agro and financial information should be combined: help smallholder farmers to make the decision.

eLEAF: the company is an operational data supplier that focuses on both science and development. It provides data on the weather, water consumption and biomass. The company believes environmental and financial data should be combined and that different industries need to come together. Smallholder farmers should provide mapping and extension workers need to be trained.

Dalberg is involved in strategy development and also focuses on ICT and data analytics, e.g. data from telecommunications companies on mobility and payment streams. It is mainly working with financial institutions and integrates market linkages with financial services. According to Dalberg, three main gaps exist:

- The architecture of the ICT landscape: there is a multiplicity of platforms, some reinventing the wheel
- Business models are not yet proven: who is going to pay and what is the willingness and ability to pay? Also incorporate the social return on investments (for smallholder farmers)
- Solutions should be integrated, making coordination important.

Twente University: it is more important to focus on the impact on the institutional setting than on the numbers: to create changes at government level. Projects involve boards with high level government officials (including ministers) and a working group to discuss practical issues. Projects mainly focus on index-insurance. The problem is scaling-up, so rethinking how to scale up is needed (involving agents can be a solution). Insurance illiteracy is a problem and some subsidies are needed for the upscaling process.

Several recommendations were identified:

- There is no clear exit strategy
- More knowledge transfer is needed
- Increase the insurance coverage (drought, excessive rains, etc.)
- The insurance needs to be tested properly

CGAP: CGAP is an innovation hub that investigates the use of technology to improve the lives of smallholder farmers. There is a need to understand the links between agricultural and non-agricultural activities. CGAP is also working a lot with telecommunications companies to help develop a business model that works; compatible business models need to be developed that complement each other.

It is key to understand the priorities of farmers:

- When cash in/cash out?
- How risky are smallholder farmers
- How do you quantify the risks? Proper risk management is needed.

There is also a knowledge gap; not only do the causes of the yield gaps have to be understood, interoperability of the data available is also required. Additionally, use all data that can be relevant, not only geodata.