Good morning, Ladies and Gentlemen. Thank you for organizing this conference in Amsterdam. There are many complex issues in feeding the world. The growing population and the consequent growing food needs, in particular for animal protein. Shifting demographics from rural to cities. Increasing productivity and yields through science and sustainable use of water and land. Climate smart agriculture. The on-going international trade conversations. Just to give you a perspective, in Africa, demand for food staples is expected to double by 2020. And by 2050, 1 out of every 3 children will be born in Africa.

As we think about this, it is useful to recall that nearly half of the world's population lives in rural areas. And, that 70% of all poor people are rural. Many of them are engaged in agriculture, very often on small plots of land. These small plots provide nowadays up to 80% of the food supply in Sub-Saharan Africa and Asia. Therefore, we will only meet growing food demand by increasing the output of not only commercial farms but very importantly of these smallholder farms. Because, smallholder farmers need not only to produce more for global food security, but, very importantly, for THEIR own food security.

But how to do this? Even if they have the technical knowledge, smallholder farmers often struggle to make cash last from one harvest until the next season so they can buy seeds. Many small farmers are women. How do they keep their cash safe so their relatives don’t spend it? These are real challenges. In low-income economies, most rural people do not have a bank account. In fact, only 22% do. Instead, they manage their money through informal means that are costly, time-consuming and unreliable. This makes it even harder to cope with the many risks of farming and poverty.

Good financial services reduce and even remove these costs. Access to savings accounts is especially important. It enables farmers to do more with what they already have, and provides a cushion against emergencies. In Malawi, improved savings options led to more savings, more use of seeds and fertilizers, and, in turn, higher proceeds from harvests. This is encouraging. So, one solution is to make savings much more widely available. Especially savings products designed for local crops and local cultures.

We also need financial products that reduce risks for the smallholder farmer. In India, microinsurance is helping farmers shift to riskier but more profitable crops, and to invest more in them. And pilot projects in Africa suggest that having crop insurance not only increases farmers' access to loans but it also reduces the cost of these loans. In order to design good and scalable agro-insurance products, the insurance industry will need to know more about the different risks on different crops in different places. Here, the agricultural community can help with data and knowledge about crops, soil, weather conditions, markets and more.

Smallholder farmers also need an easy, affordable way to send and receive money. Spending hours on buses to deliver cash, limits time in the field and reduces incentives. The good news is that this is quickly changing, thanks to mobile phone and agent banking. As a result, innovative services are beginning to reach far into rural areas. For example, using mobile phones, farmers in Kenya can insure a small bag of seeds against excessive rain or drought right when they buy it. So teaming up vendors and distributors with financial services in such ways can mitigate risks and encourage further investment.

Of course, financial services are only part of the solution. AGRA estimates that African farmers often receive only 10-20% of the sale price from surplus production. The rest is eaten up by transaction costs or by post-harvest losses. One way to address this is to combine financial services with access to markets and to inputs. Such as warehouse initiatives. These are successfully grouping smallholder farmers to provide timely transportation, safer storage and power to negotiate price. Or warehouse receipts and collateral registries. These enable farmers to borrow against stored harvests, thus overcoming the challenge of collateral for loans. There is really so much potential in this field.
And then we have the very needed technical assistance, which is of little use if the resulting advice cannot be financied. Crop rotation, restoring soil, installing drip irrigation, adapting crops to water scarcity…all measures to save costs and improve productivity. So we have to combine technical advice with accompanying finance.

Now, if we really want to help poor families and rural communities, the role of women deserves much more attention. Women do most of the agricultural labor. And they produce more than half of all food grown in developing countries. But they have much less access to markets, land rights, extension services, information and financial services. If female farmers had the same access as men, production in developing countries could easily increase by 20 to 30%. And we know that children benefit most when a mother earns more. She gives them a better home, provides more nutritious foods and sends them to school. In other words, we desperately need financial products in combination with programs that are specifically designed for women.

Providing financial services for productive purposes alone is not enough. Around the world, 100 million people fall into poverty each year due to a health incident. Without insurance or savings accounts, poor families sell assets at a discount, borrow at high rates from moneymen, or forgo on food in order to get treatment. Or they just do without medicine. And when a farmer is injured, he cannot till his fields. So, insurance is needed, in particular health insurance. We also need to think about how do we help poor people to send their children to school. How to set aside small bits of money for school fees. These are just a few examples. The point I am making is that we must address this holistically, not only financing increased production, but also taking care of other needs.

Before concluding I would like to say two more things. First of all, today I have focused on smallholder farmers. But all sizes of farmers and enterprises need diverse financial services in order to grow and thrive, be it transport of crops to markets or to process food to feed demand. A smallholder farmer will not thrive if the larger environment is not there. So we need to make the right financial services available up and down the whole length of specific value chains. The second point is that rural finance is not just an issue for the Minister of Agriculture or a bank alone. The challenges that we face are multi-faceted: physical access to markets, rotting food, droughts, environmental sustainability and much more. So, our solutions must also be multi-faceted.

It is so important that firms working in the agricultural sector share local knowledge and build partnerships with financial institutions, mobile phone companies and many parts of government including social welfare and ministries of finance. I am talking here about smart partnerships. If we succeed in this, we will produce more food in the places where it is most needed, and make it easier and more affordable for millions of families. And in doing so, we will help poor households and improve food security and nutrition.

Thank you.