

El Niño 26-27: preparing Agri-PDB for a very strong event

What the latest NOAA outlook means for our portfolios, our borrowers and our liquidity, and what members should do now

■ THE SITUATION

El Niño keeps strengthening, and NOAA sees an 83% chance of a historic event in Oct to Dec

+2.1°C

Niño-3.4 anomaly,
September

Up from +1.8°C in
August. Niño-3
+3.0°C

83%

Chance of a
historic event

RONI +2.5°C or
more, Oct to Dec

Over 83%

Strong to very
strong El Niño

Likely through Jan to
Mar 2027

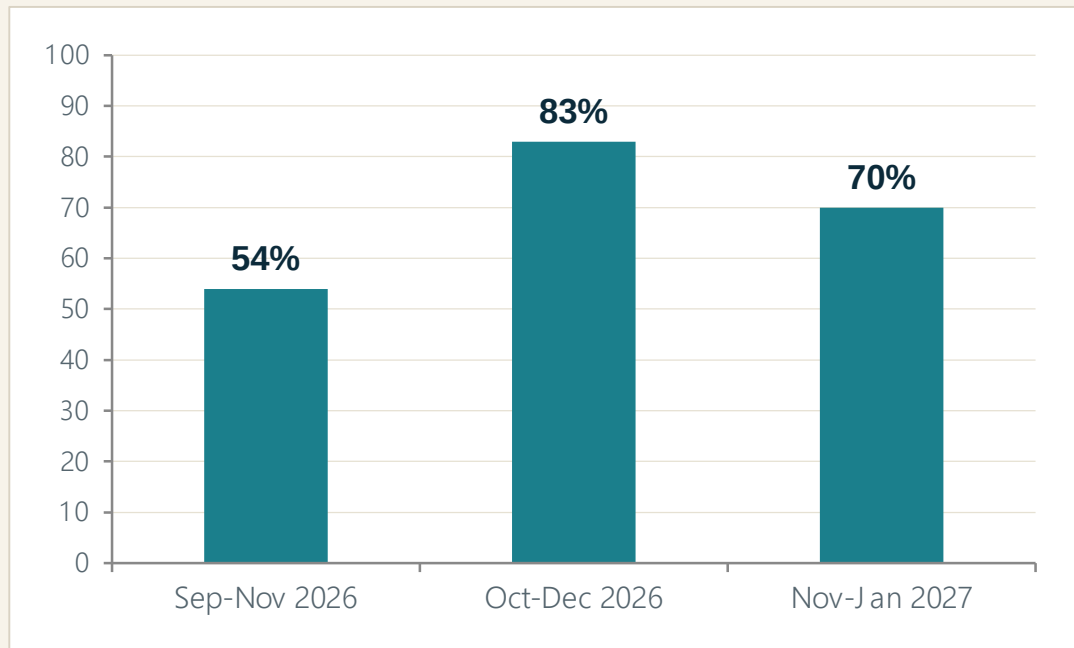
+3.9°C

Niño-1+2 anomaly,
September

Over +4.0°C in parts
of the eastern Pacific

El Niño Advisory in effect. It strengthened further in September. Next NOAA update: 12 Nov 26.

The chance of a historic event peaks at 83% for Oct to Dec and is still 70% for Nov to Jan



Why this is a true El Niño

- Winds and convection are coupled to the warm ocean
- Subsurface anomalies above $+10^{\circ}\text{C}$, deeper thermocline
- Convection suppressed over Indonesia

Historic means a 3-month RONI of $+2.5^{\circ}\text{C}$ or more. Impacts become more likely, not guaranteed.

Risk is concentrated in rainfed, import-dependent and conflict-affected systems

Region	Signal (FAO, WFP, FEWS NET)	Exposed activities
Southern Africa	Over 50% drought probability: Namibia, Botswana, Angola, Zambia, Zimbabwe, South Africa, parts of Mozambique and Madagascar	Rainfed cereals, pasture, livestock water
Sahel and East Africa	Drought-risk belt from Senegal to Nigeria, toward Ethiopia and Sudan. Outcomes country specific	Rainfed crops, livestock
Central America, Caribbean	70% probability of below-normal rainfall. Dry Corridor, Colombia, Venezuela, Cuba, Dominican Rep., Haiti	Rainfed staples, import-dependent households
South and Southeast Asia	Drought risk from Pakistan and India to Indonesia and Timor-Leste	Rainfed rice and maize, livestock
Wet and coastal areas	Possible floods in parts of western South America and East Africa. Weaker Pacific upwelling hits fisheries	Flood-prone borrowers, fishing and processing

Compounding pressures and food insecurity could amplify this El Niño

Warmer baseline

The event is occurring on a warmer baseline. This can reduce farmers' ability to adapt.

Conflict and input stress

Conflict, fuel, fertilizer and shipping pressures raise costs. They are not ENSO effects, and their path is uncertain.

+49 million

More acutely food-insecure people by the end of 2027 in WFP's scenario: about 225 to 274 million (+22%) across 45 countries.

Early model, not a global headcount.

Eight risk channels reach an agricultural development bank, from collateral to sovereign

Direct physical

Crops, livestock, irrigation and storage damaged. Collateral impaired.

Credit and repayment

Income falls. Arrears, NPLs and provisions rise.

Market

Cereal, coffee and cocoa price swings revalue collateral.

Credit demand

Planting cut back. Demand shifts to emergency working capital.

Liquidity

Concentrated stress and a surge in restructuring. Funding costs rise.

Insurance and guarantee

Claims surge. Reinsurance may reprice or tighten.

Operational

Branches, field access and monitoring systems disrupted.

Sovereign and fisheries

Fiscal pressure on the state. Fishery-linked NPLs.

Six immediate actions for the peak window of this El Niño

1 Refresh exposure maps

Overlay loan books with drought and flood regions to find hotspots.

2 Activate early warning

Track NOAA monthly updates, national forecasts, FAO and FEWS NET alerts.

3 Stress test

Run a very strong El Niño scenario on credit, collateral and liquidity.

4 Warn borrowers

Alert farmers before planting and harvesting. Advise on short-cycle, drought-tolerant seed.

5 Ready repayment relief

Grace periods and restructuring triggers that can switch on quickly.

6 Check insurance capacity

Confirm insurance, reinsurance and guarantees can absorb a claims surge.

Stress test the very strong scenario on credit, collateral and liquidity together

Credit

- Arrears and NPL migration by region and crop
- Provisioning needs
- Restructuring volumes

Collateral

- Value impairment in drought and flood zones
- Lower recoveries on default
- Commodity-linked collateral revalued

Liquidity

- Simultaneous stress in concentrated regions
- Surge in emergency lending demand
- Funding costs and lines

Test a very strong event and a historic variant (NOAA: 83% for RONI +2.5°C or more, Oct to Dec). Add insurance and operations.

One monitoring routine: ENSO, local weather, food security and portfolio signals

Signal	Source	Cadence
ENSO status and strength	NOAA CPC diagnostic, strength table	Monthly. Next: 12 November
Seasonal rainfall, Indian Ocean Dipole	National met services	Each country outlook
Food- security alerts	FAO, WFP, FEWS NET	As issued
Soil moisture, reservoirs, prices	Local and national data	Monthly (proposed)
Arrears, restructuring requests, claims	Own portfolio data	Weekly in hotspots (proposed)

Pre-position support for borrowers, the bank and public finance before the shock lands

Protect borrowers

- Alerts before planting and harvest windows
- Short-cycle, drought-tolerant seed advice
- Grace periods and restructuring triggers ready¹⁷

Protect the bank

- Emergency and bridge lines ready to deploy
- Insurance and guarantee capacity check
- Reinsurance and claims surge scenario

Pre-arrange public finance

- Contingency credit lines, risk pooling
- Rapid-disbursement facilities
- Anticipatory finance with governments, FAO, WFP

Six things the coalition can do together, and what comes after the peak

Shared monitoring

One cadence for NOAA updates and a coalition summary.

Common stress test

One very strong scenario and exposure template.

Peer learning

Lessons from 2015-16 and 2023-24 on relief design.

Joint insurer talks

Plan insurance and guarantee capacity together.

Anticipatory finance

Triggers for seeds, fodder, water, cash with governments, FAO, WFP.

Screening tools

Share what works for ENSO and agricultural portfolios.

AFTER THE PEAK Diversify, standing climate-smart offer, blended finance for adaptation, screening capacity.

What we know with confidence, and what we still cannot say

Local impacts	The timing of rainfall, floods, droughts, and crop outcomes is far less certain than ocean strength.
Offsetting factors	The Indian Ocean Dipole, monsoons, local sea temperatures and soil moisture can reinforce or offset El Niño.
Compounding factors	Conflict, fuel and fertilizer stress is not an ENSO variable. Its path is uncertain.
Strength and impacts	NOAA: stronger events do not always make a given impact more likely. Indices now use ERSSTv6.
Needed for decisions: country forecasts, crop calendars, geolocated exposure, water status, local prices.	

Six decisions to take now, before the autumn and winter peak builds

1	Confirm exposure	Map loans against drought and flood regions, using country forecasts and borrower locations.
2	Trigger the stress test	Use the October odds. Test credit, collateral, liquidity, insurance, operations.
3	Pre-position borrower support	Repayment flexibility and bridge lines ready before the peak.
4	Verify insurance capacity	Can insurance, reinsurance and guarantees absorb a claims surge?
5	Prioritize anticipatory finance	Triggers for seeds, fodder, water, cash and working capital, with governments, FAO, WFP.
6	Agree coalition monitoring	Monthly routine: NOAA update of 12 Nov, national forecasts, FAO, FEWSNET.

El Niño is strengthening. Act now!

Exposure, stress test, borrower
support, insurance, shared monitoring



Thank you

Questions and discussion
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