

## Agricultural Insurance: NIRSAL, Royal Exchange Launch Hybrid Multi-Peril Index Agric Insurance Product



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## From our Managing Director/ CEO

**Mr. Aliyu Abdulhameed**

Dear Reader,

Happy 60th Independence Anniversary to our country!

As beautiful as it is, this national milestone was bound to draw comparisons between where we are now as a nation and where we could have been. As actors from across the politico-economic divide take on the debate, we are pleased to have our imminent 5th anniversary give us a similar prodding: Where are we now, how did we get here, and where are we going? Our vision and mission are clear, and I take great pleasure in leading the cast of talented people working on project NIRSAL.

We are in front of a fairly long queue with agriculture and agribusiness thought and action for a 21st Century Nigeria. Straddling the nexus between the agriculture and finance sectors, we are forging strong economic partnerships that do not neglect the “risky” terrain of smallholder “farming”. And why not? As the brainchild of a brave, high-level public-private consensus, NIRSAL is sufficiently tooled and mandated to take Nigeria out of stagnation as far as the agriculture economy is concerned.

It was purely providential that my agricultural economics background prepared and threw me forth as a potential driver of the NIRSAL project. Five years on, I am proud of

the nimble institution we have built, with our eyes fixed on delivering Nigeria’s smallholder farmers out of poverty by fixing, optimizing and linking agricultural value chains for the forward and backward flow of value and returns respectively.

Being that its major responsibility was to de-risk agriculture and agribusiness investments with credit risk guarantees, NIRSAL’s financial asset faced the risk of depletion from the get-go. It is, therefore, testament to adroit risk management and corporate governance that we have not only preserved our balance sheet, but have also grown it. The other side of this achievement is the delivery of agriculture and agribusiness projects to term, ensuring competitive returns to lenders and borrowers alike.

We have taken great care to uphold the trust and expectations of our founders, sustaining the practicality of the NIRSAL concept as a tool that can invigorate slow sectors of the economy like agriculture or even solid minerals and make them compete favourably for commercial finance. Beyond Nigeria, sovereign neighbours like the Republic of Togo have copied the concept to activate all-inclusive agriculture sectors that support their pursuit of food security, job creation and economic growth.

Within these five years, the dexterity with which we recruited

personnel while also delivering on our mandate gives us a sense of accomplishment. The result is a unique, innovative, tech-savvy institution that is proudly Nigerian and truly international. We have raised the bar of professionalism in the private sector while setting the agenda for a corporate renaissance in public service delivery in Nigeria. What is more: NIRSAL's sustainability proposes yet more dynamic collaborations between the public and private sectors for the elevation of our countrywomen and men.

How did we get here? Through innovation; by starting from the source of all agribusiness value, which is, primary production. Since all efforts in the agricultural value chain are validated by market demand, it was necessary to map all projects to markets, hence, our overarching Mapping To Markets (M2M) strategy. The M2M crowds in relevant value chain actors for the optimization of the pull and push effects within commodity value chains and extracts binding business commitments that trigger finance.

A major element of the M2M is the NIRSAL Agro Geo-Cooperative® (AGC) model that was designed to aggregate smallholders and their farm holdings into geo-cooperative groups of 250 hectares and upwards, thereby addressing the challenges facing agricultural value chains, particularly in the Upstream (Primary Production) segment. The concept enables a 360-degree funds visibility, field governance, precise capture of output, and loan management, repayment & recovery.

In place of disaggregated, subsistent smallholder farming, the AGC gives us single large financeable entities that pull value in the form of inputs, mechanization and research & development from the Pre-Upstream segment of the agricultural value chain, and push value in the form of produce through the Midstream to markets in the Downstream segment. It also makes for economies of scale, market access, and adherence to standards.

By our design, AGCs are to be enabled by Inclusive Integrated Private Agribusiness Investment Development (iPAID) –

these are investments in opportunities surrounding the production of the 18 commodities under NIRSAL's focus. iPAID opportunities include greenfield development; Climate-smart Irrigation Services (CIS); land preparation and seed processing; Harvest, Primary processing, Primary transportation and Primary storage (HP3); and the development of Captive Off-grid Energy Services (COES). Furthermore, opportunities for investing in Midstream and Downstream activities are enormous.

AGCs are emerging all over the country already, with over 300 financed for the first time to produce different commodities for identified downstream markets with supplies from equally identified pre-upstream inputs and service providers. The structure of AGCs provide for easy farmer training, supporting the emergence of an elaborate field school for Nigeria's farming population. More importantly, with every harvest season, rural economies grow as farmers receive befitting rewards for their labour.

We envision a medium-term date when we could host stakeholders to an event where AGCs in the upstream segment would be auctioned to midstream and downstream buyers before the commencement of the farming season. This will further reduce subsistence farming and gainfully engage smallholder farmers all year round while creating an attractive investment environment for local and foreign financiers.

I say medium-term because factors in our external environment align in our favour: a pro-agriculture government, and a Central Bank that possesses the reflex to develop and roll out intervention schemes for pressing present-day challenges, affording NIRSAL, its brainchild, the serenity to pursue long-term sustainability in agriculture and agribusiness financing in Nigeria.



## Editorial

# Agricultural Insurance: NIRSAL, Royal Exchange Launch Hybrid Multi-Peril Index Agric Insurance Product



*Unveiling the Hybrid Multi-Peril Crop Indemnity-Index Insurance (HM-II)*

In a move that will have a significant positive impact on agricultural productivity and assured income for farmers at this challenging time, the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL Plc) in collaboration with Royal Exchange General Insurance Company (REGIC), has developed the Hybrid Multi-Peril Crop Indemnity-Index Insurance (HM-II).

The new product launched at NIRSAL's Head Office in Abuja, is an outcome of NIRSAL's longstanding commitment to the development of innovative agricultural insurance products and expanding coverage for lending across the entire agricultural value chain.

It is designed to protect farmers from losses during a planting season caused by bad weather (low & high rainfall, early & late season dry spells, lightning, hailstorms and thunderstorms), pest outbreak, disease outbreak, fire outbreak and permanent disability or death of the farmer.

A key advantage of the HM-II is that in cases where such risks happen, benefits paid out to the farmer would be up to the maximum loan or the insured amount after confirmation by advanced satellite technology, an assessment by an agriculture expert, or both.

The development of HM-II is in accordance with NIRSAL's mandate to de-risk Agriculture and facilitate the flow of finance to the sector. It aligns with the organization's target of increasing distribution of existing and new Agric insurance products to 3.6 million farmers nationwide by 2026, of which, NIRSAL has already reached a milestone of 1,476,289 smallholder farmers.

NIRSAL's Managing Director/CEO Aliyu Abdulhameed, who spoke during the launch event, revealed that the HM-II was piloted during NIRSAL's participation in the Central Bank of Nigeria's (CBN) 2019 Anchor Borrowers' Programme (ABP) Wet season farming.

He added that the new product is another step towards the development of the NIRSAL Comprehensive Index Insurance (NCII) conceptualized in 2018 with the ultimate goal of Agric insurance product development by factoring in commodity pricing parameter in the cover to be issued. Towards achieving the NCII, the launch of the HM-II marks an improvement to the NIRSAL Area Yield Index Insurance (AYII) which the corporation developed in 2017 and piloted in the wet season farming of the same year to significant effect, covering 17,000 farmers and 10,000 hectares with a harvest value of N3Billion.

Abdulhameed continued: "This latest development is a testament to the progress NIRSAL Plc is making in the Agricultural insurance space. Prior to NIRSAL Plc's intervention, private underwriters were not insuring agriculture. However, leveraging on NIRSAL Plc's Insurance Pillar and in collaboration with the Nigerian Agricultural Insurance Corporation (NAIC) and the National Insurance Commission (NAICOM), we have brought about the inclusion of underwriters other than NAIC in underwriting Agricultural transactions and stimulated the development of new and innovative agricultural insurance products."

Specifically, NIRSAL Plc has been able to crowd in private insurance companies into the Agric insurance space via the formation of a consortium of 4 insurance companies in 2017 which has now grown to 10 insurance companies including REGIC – in the space of 3 years.

In his remarks, Yusuf Yila, Director of CBN's Development Finance Department revealed that the CBN has in fact already adopted NIRSAL Plc's Area Yield insurance (AYII) products and looks forward to deploying the HM-II.

He went on to commend NIRSAL Plc for always being at the forefront of agribusiness innovation and encouraged the company to continue on its upward trajectory. Yila concluded by expressing his confidence that NIRSAL Plc will continue to play a key role in the development finance functions of the CBN, it's owner.

Also speaking during the event, Benjamin Agili, Managing Director/CEO, REGIC, described HM-II as a product that protects the smallholder farmers from farming loss including disability during a particular farming season. This, he said, guarantees sustainability and continuity, "ensuring the farmer is able to remain in business, no

matter the loss or situation."

He ended by thanking NIRSAL Plc for "the exceptional job being done to change the face of agriculture financing in Nigeria" and for giving REGIC the opportunity to partner with it on the HM-II.

On his part, Sunday Thomas, NAICOM's Commissioner for Insurance/CEO who was represented by Leonard M. Akah, NAICOM's Director of Policy & Regulation, stated that in line with the Federal Government of Nigeria's (FGN) Financial Inclusion Strategy, NAICOM was eager to lend its support to the development of a product such as HM-II.


Furthermore, he noted that in order to support the FGN's efforts in the promotion of agriculture and economic diversification, partnerships such as the one between NAICOM, NIRSAL PLC and REGIC, a partnership he described as visionary, have become inevitable.

In addition to developing new innovative insurance products along the entire Agric value chain, NIRSAL Plc is driving the enlightenment of different categories of Agric Value chain actors on Agric Insurance and training insurers & risk officers on innovative Agric Insurance product design and farm/agribusiness assessment.





# The ABP Activates NIRSAL's Agro Geo-Cooperative® Model Nationwide



*Inputs for members of FAST Agro AGC in Sokoto for Rice production*

Since introducing the Agro Geo-Cooperative® (AGC) model to engender optimized smallholder-inclusive agriculture and agribusiness activities in Nigeria, NIRSAL has now onboarded hundreds of thousands of smallholder farmers onto structured AGCs that are ready for finance. About 300 of such AGCs spanning the entire country, populated by over 50,000 smallholder farmers have been financed with funds from the Central Bank's (CBN) Anchor Borrowers' Programme (ABP) to produce different commodities in the 2020 Wet Season. This has effectively kick-started Nigeria's movement away from subsistence agriculture to a future where smallholder farmers are wealthy and rural economies thrive.

Farmers have always produced, what makes producing within AGCs any different this time? Simply, the answer is access to markets – the endpoint of all production efforts, and the beginning thereof. The guarantee that farmers' produce would be off-taken, provides one part of the incentive that lenders, especially commercial banks, need to finance agriculture projects. The second part is NIRSAL's Credit Risk Guarantee (CRG) which secures up to 75% of loan face values. Further sweeteners for financiers lie in trade volumes, locked-in value chains, wholistic risk management, farmer training for optimum yield, multi-peril insurance and the democratic running of all AGCs. Access to finance also informs the opening up of the Pre-upstream segment of

value chains where research & development, mechanization, irrigation, certified seeds and other inputs come from.

Touted as the game-changing strategy for post-COVID-19 agricultural financing in Nigeria, the AGCs have proven to be just that. From verification of farmer data to the entire process of disbursing the input/loans, contact with farmers remained minimal as AGC leaderships represented their members all through. It mimics corporate society where appointed representatives manage shareholders' wealth and report back to them accordingly. Indeed, NIRSAL's AGC model is leading the primary production sub-sector of Nigeria's Agricultural Sector to a similar future. As it catches on, more farmers will continue to evolve from inefficient and non-financeable subsistence systems to organized cooperatives, structured enterprises and, ultimately, farmer-based corporate systems.

As results from the first outing of the AGC trickle in, NIRSAL is confident that the difference would be clear. However, ABP-funded AGCs are quite distant from the ideal, the funds being interventionist and uncompetitive. Its 9% interest rate is arbitrary, unaffected by market forces.

How then can this season be a marker for commercial lenders to NIRSAL's novel model of primary production? And when can that purely commercial engagement commence,





given the sizes and variety of intervention funds the CBN has lined up for different sectors of the economy to combat COVID-19-induced setbacks? In truth, the AGC, in its design, fits commercial financing; thus state actors are always invited to leverage it for the sustainability of intervention schemes.

Moreover, with Nigeria cultivating less than 50% of its arable lands, the development of large expanses of green/forested lands and conversion to AGCs operated by smallholders is a move that only governments at the different levels can make. Given the funding available to drive strategic agricultural investments, there is no better time for states to inquire about NIRSAL's Smallholder-based Commercial Agricultural Sites and Services (SCASS).

The true marker of the AGC model's likeability should be in yields, and rightly so. Down the loop, its economic impact should also count. These have been worked out by NIRSAL using its five-year target of 16,000 AGCs covering 4 million hectares of farmland and involving 8 million smallholder farmers. Such size is estimated to generate a NGN4.4trillion+ worth of economic activity across priority export, industrial and domestic consumer commodity value chains, create over 8 million jobs and make a positive impact on over 32 million Nigerian lives.

The macroeconomic impact would be felt in foreign exchange generation, improved fiscal performance, job creation and rapid economic development. Participants in this blaze of economic value, be they farmers or financiers, input providers or extension workers, processors or logistics providers, stand to reap rewards that are not only handsome but also sustainable.

Concerted efforts have been on for some time to truly diversify Nigeria's economy, especially with the Federal Government's Economic Recovery and Growth Plan, (2017-2020). This was to be a year of appraisal and consolidation, but the Coronavirus pandemic kicked up too much dust for principal actors to focus and see the path clearly. In the wake of it, economies could only grope in the dark, shutting down industry after industry, sector after sector; at first thinking, it would only be for a month, then half a year. Some countries are now opening up, yet still scared of a second wave. This is the context within which NIRSAL's Agro Geo-Cooperative® model finds its relevance. It is not a stopgap mechanism for the status quo until the pandemic is over; it is here to replace subsistence, drudgery-filled farming for good. If 2020's results turn out good under the circumstances, then, the future would have begun.

## NIRSAL IN THE CBN ANCHOR BORROWERS' PROGRAMME (ABP)



INPUT DISTRIBUTION TO 1,931 FARMERS OF KHADIMIYA AGC, KEBBI STATE.



INPUT DISTRIBUTION TO 475 FEMALE CASSAVA FARMERS OF UYO WOMEN AGC, AKWA IBOM STATE.



INPUT DISTRIBUTION TO 2,987 MAIZE FARMERS OF MDMAN AGC, BORNO STATE.



INPUT DISTRIBUTION TO 19, 963 MAIZE FARMERS IN GOMBE STATE



INPUT DISTRIBUTION TO 523 MAIZE, CASSAVA AND COCOA FARMERS IN OGUN STATE



INPUT DISTRIBUTION TO 268 RICE FARMERS OF FAST AGRO AGC, SOKOTO STATE

## NIRSAL'S AGRO GEO-COOPERATIVE ACTIVITIES



PROJECT MONITORING AT ALL WOMEN FARMERS OF NIGERIA (AWFAN) AGC, NASARAWA STATE



INSPECTION OF VEGETABLE FARMS OF GFS FARMERS IN LAGOS STATE.



INSPECTION OF A RICE MILL FOR POTENTIAL OFFTAKE OF PADDY FROM AGC FARMERS IN RIVERS STATE



MEETING WITH COMMUNITY LEADERS FOR THE FORMATION OF AGCS FOR RICE CULTIVATION IN AKWA IBOM STATE



# FIELD ACTIVITIES



SENSITIZATION EXERCISE IN ADAMAWA STATE



TOWNHALL MEETING AND VERIFICATION OF 1,200 RICE FARMERS OF BUMPER HARVEST AGC IN AKWA IBOM STATE

## CREDIT-RISK GUARANTEE VISITS



INSPECTION OF NIFOR-FABRICATED OIL PALM PROCESSING EQUIPMENT IN EDO STATE



INSPECTION OF PINEAPPLE FARM IN EDO STATE



FINANCE FACILITATION VISIT TO SKY CATFISH FISH HATCHERY IN ONDO STATE



POST-CREDIT RISK GUARANTEE ISSUANCE VISIT TO EM FARMS IN ANAMBRA STATE



INSPECTION OF 153-POND CAPACITY FISH FARM FOR AGC FORMATION IN RIVERS STATE



INSPECTION OF FACILITIES OF STANDARD COCOA INDUSTRIES LTD IN ONDO STATE

## LAND VERIFICATION EXERCISES



DOCUMENTATION OF GEO-COORDINATES AND SIZES OF INDIVIDUAL FARM PLOTS IN ADAMAWA STATE



LAND INSPECTION AT MAIZE DEALERS AND MARKETERS ASSOCIATION OF NIGERIA IN NASARAWA STATE



MEETING WITH GREEN ECONOMY ALTERNATIVE NIGERIA (GREEN) IN SOKOTO STATE



MAPPING OF FARMLAND IN KEBBI STATE



VALIDATION OF FARMLAND IN JEGA, KEBBI STATE



VALIDATION OF 200-HECTARE FARMLAND FOR RICE PRODUCTION IN ONDO STATE

## LOAN DOCUMENTATION



ABP LOAN DOCUMENTATION IN NASARAWA STATE



ABP LOAN DOCUMENTATION IN ONDO STATE

## MECHANISATION



SUPERVISION OF MECHANIZED LAND PREPARATION IN TARABA STATE



SUPERVISION OF MECHANIZED LAND PREPARATION FOR CASSAVA PRODUCTION IN AKWA IBOM STATE

## TRAINING



TRAINING AND ADOPTION OF ECONOMICS OF PRODUCTION FOR AQUACULTURE IN BAYELSA STATE



TRAINING AND ADOPTION OF ECONOMICS OF PRODUCTION FOR POULTRY IN LAGOS STATE



# FIELD ACTIVITIES



TRAINING FOR VALUE CHAIN ACTORS IN AKWA IBOM STATE



TRAINING OF TRAINERS FOR SANGI LAYI AGC IN NIGER STATE



WORKSHOP FOR INTEGRATED LIVESTOCK DEVELOPMENT IN SOKOTO STATE



TRAINING WORKSHOP FOR MAIZE VALUE CHAIN ACTORS IN NASARAWA STATE



TRAINING ON GOOD AGRONOMIC PRACTICES AND VALUE CHAIN OPERATIONS IN ONDO STATE



TRAINING ON GOOD AGRONOMIC PRACTICES AND VALUE CHAIN OPERATIONS IN OGUN STATE

## BASELINE SURVEYS



BASELINE SURVEY/VALUE CHAIN IMPACT ASSESSMENT IN BENUE STATE



BASELINE SURVEY/VALUE CHAIN IMPACT ASSESSMENT IN ONDO STATE



BASELINE SURVEY/VALUE CHAIN IMPACT ASSESSMENT IN KEBBI STATE



BASELINE SURVEY/VALUE CHAIN IMPACT ASSESSMENT IN EDO STATE

# CBN ABP: NIRSAI Deploys Agro Geo-Cooperative® Model to Support North-East Economy



*Input distribution to members of MDMAN AGC in Biu, Borno State for Maize production*

In support of the Federal Government's efforts at restoring socio-economic stability in Borno State and North-Eastern Nigeria in general, NIRSAI Plc, as a Participating Financial Institution in the CBN's Anchor Borrower Programme is supporting the 2020 wet season farming operations of 2,987 maize farmers with essential supplies, structuring, training and supervision.

Through the ongoing NIRSAI Agro Geo-Cooperative® (AGC) formation exercise, the farmers were structured into a group named the Maize Dealers and Marketers Association of Nigeria (MDMAN) Farmers AGC and linked with financing under the Central Bank of Nigeria's (CBN) Anchor Borrowers' Programme (ABP).

NIRSAI's AGCs present viable, safe and controlled investment environments for investor funds, whilst equipping smallholder farmers with incentives to produce and sell more through comprehensive farm mechanization and the crowding of other value givers and takers in one project.

After the tedious operations of mapping and delineating individual farmer plots, the structured farmers were supplied with 59.74 metric tons of certified maize seeds and 896 metric tons of fertilizer. In addition, the farmers were also supplied with 23,896 litres of crop protection products with one knapsack sprayer per hectare for their application.

In the North-east region alone, a total of 19,943 farmers belonging to 70 AGCs, cultivating rice, maize and soybean on 29,919 hectares of farmland spanning Borno, Adamawa, Taraba and Gombe states have got access to 748 metric tons of improved seed varieties, 8,974 metric tons of fertilizer and 239,352 litres of crop protection chemicals, in addition to mechanization services.

The development will undoubtedly contribute to recovery efforts in response to the double socio-economic impact of COVID-19 and insecurity in the region. This fact was echoed at a launch event held in the premises of the Emir's



Palace in Biu, Borno state, where Aliyu Abdulhameed, NIRSAL Plc's Managing Director/CEO explained the rationale behind choosing Borno for the event.

"We could have gone to any one of the 29 states across the country where we are supporting farmers to have this event; however, we chose Borno State to help increase the confidence level of citizens as they attempt to resettle themselves into their communities and leverage on agriculture to improve their livelihoods," said Abdulhameed.

He added that "While the mechanics for conflict resolution and military activities are not our forte, we must, as a matter of national necessity, follow national efforts for peace with viable economic pathways that will gainfully engage citizens, and make our hard-fought peace sustainable. This is why we tirelessly work to innovate and deploy models such as the NIRSAL Agro Geo-Cooperative®."

He concluded that "Without any doubt, sustainable economic development in any nation cannot be achieved without rural transformation and the empowerment of dwellers therein. With more than half of Nigeria's 84million hectares of arable land uncultivated and a very big and captive agricultural commodity and food import substitution opportunity, we strongly believe that we can change this narrative by harnessing Nigeria's agribusiness opportunities and potentials."

Also speaking at the event, Mohammed Dilli, President of MDMAN Farmers AGC thanked the Federal Government, CBN and NIRSAL Plc for providing inputs which, according to him, "are crucial for the production of agricultural commodities". Dilli added that "going by the area covered this rainy season, we are sure that the gap between maize importation and local production will not only be covered but maize will become available for export". He also called on his AGC members to "reciprocate the goodwill by abiding by the guidelines of the ABP, especially that of loan repayment."

Till date, over 104,000 Agro Geo-Cooperatives applications have been received by NIRSAL. It is a system of primary production that invites farm neighbours into contiguous 250-hectare partnerships for the purposes of producing at scale and gaining easier access to finance, training, inputs, markets and more.

In terms of its involvement as a Participating Financial Institution (PFI) in the wet season's ABP intervention, NIRSAL is supporting well over 44,670 farmers cultivating over 68,771 hectares of land across the country to achieve over 275,800 metric tons of farm produce.

The ABP has reached over a million smallholder farmers since its launch, which has led to increased agricultural productivity, supported wealth creation, improved food security and made Nigeria's agricultural commodities more competitive.



# NIRSAL Empowers 475 Female Cass

*Supports 2,872 Farmers in South-South Region*



*Input distribution to members of Uyo Women AGC in Uyo, Akwa Ibom State for Cassava production*

In adherence to the principles of all-inclusive growth, NIRSAL Plc is empowering 475 female farmers in Uyo for cassava production during the 2020 wet season farming through structuring and financing.

The farmers were structured into a group which was aptly named the Uyo Women Agro Geo-Cooperative. Thereafter, the 475 women were trained on Good Agronomic Practices and received various inputs for their use thereafter. In addition, all 478 hectares of land were mechanized for the planting season to enhance yields & profits and eliminate the drudgery of farming with crude implements.

To symbolize its support for farmers across the South-South region, NIRSAL flagged-off the distribution of inputs to the farmers during a ceremony held at Anang People Primary School, Obio Ndot, Oruk Anam LGA of Akwa Ibom State

where Mrs. Theresa Thompson Akpan, President of the AGC, described the CBN's support through NIRSAL as a milestone in enhancing cassava production in the state.

She tasked her fellow farmers to embrace NIRSAL's approach of farming as a business in order to move from peasant farming to sustainable agribusiness. She thanked NIRSAL for harnessing the potentials of the female farmers and for its continued support of agribusiness in Akwa Ibom State.

Speaking through Helen Akula, Head of NIRSAL's Project Monitoring, Reporting and Remediation Office (PMRO) in Akwa Ibom State, Aliyu Abdulhameed, the organization's Managing Director/CEO noted that NIRSAL Plc's support of Uyo Women AGC will not only empower the 475 farmers of the AGC but will create jobs for many families in the community, thereby achieving its mission of forging



# Cassava Farmers in Uyo



partnerships between finance and agriculture while achieving food security, creating jobs and spurring economic growth.

He added that through the ABP, the farmers' door to commercial financing had been unlocked, paving the way for a better-quality life. He, however, reminded the farmers that "the input you received today is not a grant but a loan that must be paid back for other farmers to also benefit. I have faith in you all that, together as a team, every kobo will be repaid with ample profit left in the bank for you to enjoy the fruits of your labour."

Also speaking at the event, Desmond Ushe, the Acting Head of the CBN's Akwa Ibom State Development Finance Office, noted that with the integration of NIRSAL's AGC concept, risks will be reduced significantly, and the

participation of farmers in the ABP would be boosted.

Ushe solicited for sincerity and commitment from the farmers to match that of Godwin Emefiele, the Governor of the CBN, whom he said possesses the utmost passion for the ABP and economic growth through agriculture.

The event in Akwa Ibom fit into NIRSAL's regional and nationwide support for farmers under the ABP. A total of 2,872 rice, maize and cassava farmers belonging to Uyo Women AGC, Pemo Anegbette AGC, Upalibuisi AGC, Southern Basin AGC, Integrated AGC, Ijeoma Aibiokula AGC, Green Money Initiative AGC and God's Own AGC are receiving NIRSAL's support in the South-South States of Akwa Ibom, Cross River, Edo and Delta.





# Building a Crisis-Proof

## ***A glimpse at the instant impact of Covid-19 on the Nigerian Economy***

With the confirmation of her first positive COVID-19 case and the imposition of movement restrictions at the end of March 2020, Nigeria felt her own deal of the global pandemic's blow. Subsequently, the macroeconomic landscape changed. The onset of the pandemic and actions put in place to check its spread presented gloomy forecasts for the Nigerian economy. The World Bank, in its "Nigeria in the Time of COVID-19" report, opined that the pandemic spelt, potentially, the most severe economic downturn in four decades... even if it is contained, indicating that oil futures may remain below \$50 per barrel well into 2021; foreign remittances, reported as a major source of Nigerian household income (5% of 2019 GDP), would decline by 25%; foreign capital inflows would decline and an additional 5 million people would become newly poor in 2020 due to Covid-19 alone.

According to the National Bureau of Statistics' (NBS) Q2

GDP Report, negative GDP growth was recorded in Q2 2020, standing at -6.10% and ending the 3-year trend of low but positive real growth rates recorded since the 2016/17 recession. The negative Q2 growth signified a drop by -8.22% basis points and -7.97% basis points respectively, falling from 2.12% in Q2 2019 and 1.87% in Q1 2020. A 24%-28% spike recorded in foreign exchange rates between Q1 and Q3 2020, in an economy that is high on importation meant that the cost of living and of doing business rose significantly. This is corroborated by the Headline Inflation which has risen consistently up to 13.71% year-on-year as at September 2020 per the NBS September 2020 Consumer Price Index (CPI) Report.

### **Effects on Agriculture, a Die-Hard Sector**

Over the years, agriculture has remained at the centre of the Nigerian economy and its diversification efforts, providing the main source of livelihood for the majority of Nigerians. The pandemic and the resultant lockdown measures put a strain on the country's productive capacity as Input suppliers had challenges transporting





# of Agriculture Sector

their goods from the commercial centres to primary production locations in the rural areas. In the same vein, farmers had issues in transporting produce to markets, which was further compounded by the closure of major local markets and reduction in market opening hours resulting in spoilage and yet more post-harvest losses.

Between Q1 and Q2 2020, agricultural goods exports dropped by 38% and, when compared to the same period in the previous year, it dropped by 52%. On the other hand, importation of agricultural goods rose by 59% between Q1 and Q2 and by 66% year-on-year. This was a significant loss of foreign exchange for the nation. However, in spite of the pandemic, Nigeria's agricultural sector, one of the very few sectors that recorded positive growth in Q2 2020, grew at +1.58% compared to -6.10% negative growth rate recorded in the economy as a whole. The sector contributed 24.65% to aggregate real GDP in the quarter. It also recorded commendable achievement compared to other productive sectors in spite of being faced with the same or more challenges.

Once again, agriculture has proven that it is one of the most stable sectors of the Nigerian economy, and the silver bullet required for its growth and development.

What if we achieved optimal productivity in agricultural primary production? What if value addition and post-harvest technologies were adequate? What if there were no agro-logistics, infrastructural and market constraints? What if we were food secure and exporting surpluses while restricting imports? Then the sector would most likely have counteracted the gross effect of negative growth recorded by other sectors of the economy following the pandemic. Obviously, opportunities for a national economic facelift abound in agriculture, and efforts must be doubled and consistent to create economic buffers for Nigeria in the face of negative global events.



# North-Central: Farmers Look Forward to Bumper Harvest thanks to The CBN Anchor Borrowers' Programme



*NIRSAL staff witnessing the commencement of wet season farming in Dobi, FCT*

Rice, maize, cassava and soybean farmers in Nasarawa, Niger, Kogi states and the FCT are positioned for an increase in yields and improvement in livelihoods following NIRSAL's support for their 2020 wet season farming activities under the CBN's Anchor Borrowers' Programme (ABP).

The development came following the structuring of 3,917 farmers into 24 NIRSAL Agro Geo-Cooperatives®, provision of training on bookkeeping & modern farming practices, mechanization for pre-planting, planting & harvesting activities and distribution of improved, high-yielding seed varieties.

NIRSAL also linked the farmers with guaranteed offtake markets thereby protecting them from price fluctuations and the exploitative tendencies of some middlemen. Other forms of support included the provision of fertilizers, crop protection products and round-the-clock technology-driven project monitoring services.

Critically, NIRSAL also facilitated finance for the farmers through the CBN's ABP. As part of its continued involvement in the ABP as a Participating Financial Institution (PFI), NIRSAL has conducted a 2020 Wet Season Inputs Distribution exercise which will impact more than 40,000 farmers nationwide.

In Dobi area of the Federal Capital Territory (FCT), North-Central, Nigeria, farmers belonging to the Dobi Agro Geo-

Cooperative gathered at the village square to receive inputs from NIRSAL's officials. The President of the Geo-Cooperative spoke on behalf of his colleagues and expressed optimism in what would be the outcome of the support of the CBN through NIRSAL for their wet season farming operations.

He continued, "We are now looking forward to the future because we know our lives have changed for the better. With NIRSAL's assistance, we have been introduced to a better way of farming than what we have been doing in the past. This knowledge will be applied even beyond the 2020 wet season. We are indeed grateful to NIRSAL and the Central Bank of Nigeria."

The sentiment has been the same across the region as Agro Geo-Cooperative leaders express delight in the tenets of the model and in the prompt implementation of the CBN's food security initiative by NIRSAL. Trainings were delivered to very attentive classes as the farmers showed eagerness to test NIRSAL's AGC model.

As an institution created by the CBN to link agriculture and finance, NIRSAL continues to develop and deploy bespoke, technology-driven risk-mitigation mechanisms designed to boost farmers' productivity and encourage financiers to lend to actors in the agricultural sector. The support extended to farmers through the ABP is another example of how NIRSAL Plc continues to deliver on its mandate.



# NIRSAL supports South-West Farmers with Inputs, Mechanisation for 2020 Wet Season



*Input distribution to Cocoa farmers in Ogun State*

Building on the successful introduction of structured, mechanized farming to communities in Ogun State during the 2019 wet season, NIRSAL is replicating the exercise in more communities in the state and across the South-West region for this year's wet season farming.

It will be recalled that last year, NIRSAL had deployed its AgroGeoCooperative® (AGC) model in Ogun as part of its participation in the Central Bank of Nigeria's (CBN) Anchor Borrowers' Programme (ABP).

This involved the hand-holding of 851 maize, rice and cassava farmers in communities around Yewa North and Ogun Waterside Local Government Areas (LGA) to boost agricultural primary production, resulting in improved yields and livelihoods.

To encourage the transition from agriculture to agribusiness by farmers in the state and the South-West region, NIRSAL structured 2,916 maize, rice, aquaculture, cassava, soybean and cocoa farmers across Ogun, Ekiti, Ondo, Osun and

Oyo States into 13 Agro Geo-Cooperatives (AGCs) and provided them with the necessary support to transform their fragmented farmholdings into viable and sustainable agribusiness assets.

An event in Abeokuta to announce NIRSAL's support in Ogun State via the CBN's ABP saw De-Future Builders AGC (a group of rice farmers) and Nasme, Rehoboth, and SOA Ecogreen Maize AGCs (maize farmers) receive a combined 18,702 litres of crop protection products for application on 1,042 hectares of land. Full mechanization of the farmland was also in the package of incentives to the farmers, as well as 25.07 metric tons of improved, high-yielding seed varieties. Added to that is 240.20 metric tons of fertilizer to boost their yields and enhance the farmers' capacity to promptly repay their loans as and when due.

Considered virtual AGCs by NIRSAL, poultry and aquaculture farmers are aggregated according to quantities to be produced rather than land sizes. In Ifelodun AGC in Ogun State, a group of poultry farmers received day-old chicks,



*Inputs for maize, cassava and cocoa farmers in Ondo – South-West Nigeria*

feed, drugs, vaccines and other essentials for the production of 35,000 birds, while aquaculture farmers from Orin Ekiti Aocot and Safadol Global Enterprises AGCs – both in Ekiti State – received incentives for the production of 81,800 fish.

In addition to facilitating affordable and sustainable financing for all the farmers, NIRSAL is also providing them with training and round-the-clock farm monitoring whilst linking them to off-take markets.

As with the 2019 wet season in Ogun State, NIRSAL Plc is confident that its latest intervention will create critical socio-economic development in the South-West region. This optimism was expressed by Aliyu Abdulhameed, NIRSAL Plc's Managing Director/CEO, who, at the event in Abeokuta, said that the projects will not only empower farmers but will also create jobs for many community members along the respective commodity value chains.

Mr. Abdulhameed was represented at the event by Jumoke Ilo, the Head of NIRSAL's Project Monitoring, Reporting and Remediation Office (PMRO) in Ogun State. According to him, "Families will be empowered, local economies will be vitalized, and livelihoods will change for the better."

Abdulhameed assured that NIRSAL will continue to support the farmers it is currently working with, and

will continue to enlarge its tentacles to accommodate more farmers in 2021 and beyond. For this to happen however, he charged farmers to behave diligently and ensure loan repayment so that they can re-apply and ensure other farmers also get access to the ABP.

Dr. Edalere Adebawale, Aggregator for Nasme and Rehoboth AGCs responded by assuring NIRSAL Plc that farmers belonging to his AGCs would abide by the modalities of the ABP which they had understood, agreed to and signed up for.

He also thanked NIRSAL for introducing farmers in Ogun to the AgroGeoCooperative model, a development he described as a "turning point" for their agricultural processes. "With NIRSAL Plc's intervention, we now have a better understanding of the field and business operations of agriculture. Importantly, we are now organised and stand a better chance of getting the capital we need to grow."

On her part, Head, Development Finance Office, CBN Abeokuta, Dr. Oluyemisi Olukoya, stated that creating economic linkages between smallholder farmers and reputable processors whilst ensuring meaningful incomes for the farmers is a critical step towards growing rural economies, an important objective of the apex Bank's Development Finance Department (DFD).





# Kaduna's Potentials for Ginger Production Explored as 1,253 farmers get funding

*NIRSAL Supporting 10,905 North-West Farmers*

*Inputs for Kudan farmers, Zaria, Kaduna State*

NIRSAL's on-going structuring and support of smallholder farmers continued in Kaduna State, North-West Nigeria where 1,253 ginger farmers across three Agro Geo-Cooperatives received inputs to boost their productivity in the 2020 wet season whilst positioning them for sustained growth over the medium to long term.

One of the benefitting Agro Geo-Cooperatives is the Muri Farmers AGC which has 781 farmers cultivating 781 hectares of land. Without the AGC structure, NIRSAL maintains, it would be sub-optimal to finance these smallholder farmers individually or in smaller groups. The others are Kagarko Emirate and Chikun AGCs with a total of 472 farmers cultivating a hectare each.

The structure of the AGC makes it easier to administer trainings to farmers, as was the case with Chikun, Kagarko and Muri Farmers who were trained on Good Agronomic

Practices and provided with fertilizers, crop protection products and other input materials for their wet season 2020 farming activities under NIRSAL's window of the CBN Anchor Borrowers' Programme (ABP).

Welcoming attendees to an event where some of the inputs for ginger cultivation were given to the farmers from the three AGCs, Malam Nasiru Bala Daudawa, Head of NIRSAL's Project Monitoring, Reporting and Remediation Office (PMRO) in Kaduna State, on behalf of the Managing Director/CEO, Mr. Aliyu Abdulhameed, thanked the farmers for their patience and understanding throughout the process of authenticating and documenting the farmers under their various AGCs. He urged them to seize the opportunity of the AGC structures and the ABP support to turn their ginger farming into viable businesses by paying back their loans as and when due. "By so doing," he said, "we shall

ensure all those willing to expand from one hectare to two or three hectares are given all the support and training to succeed”.

More words of encouragement to the farmers came from Alhaji Bello, Executive Secretary of the Ginger Association of Nigeria: “To our farmers, I want to reiterate that this is a test that would make or mar the possibility of accessing intervention funds considering the high cost of ginger production. I therefore urge our people to ensure repayment on time so that we can request for more”.

Kaduna’s suitability for ginger cultivation is supported by NIRSAL’s Agricultural Commodity Ecological Areas (ACEAs) map. The map was developed by NIRSAL and validated by research institutes to guide investments in key agricultural commodities. Therefore, with NIRSAL’s support, and the favourable climate of the region, the farmers have all they need to succeed.

The Head of the Development Finance Office (DFO) of the CBN in Kaduna State was represented at the event by Alhaji Faisal Dingyadi. He challenged the farmers to promptly repay their loans after harvest to ensure continuity of the financing scheme.

His Royal Highness, Alhaji Saad Abubakar, the Emir of Kagarko, thanked everyone on behalf of the entire Emirate. He expressed faith in NIRSAL’s modus operandi and called on his farmers to abide by the tenets of the ABP. He said, “We have a strong belief in the way NIRSAL carries out its activities most especially the authentication of farmers and farmlands. This will ensure the loans get to the right beneficiaries”.

“We started this process since last year and today we are here. I call on all and sundry to ensure full repayment when the time comes so we do not put our Emirate to shame.”

In other locations around Kaduna State, 3,399 maize and rice farmers cultivating a hectare each were structured into 8 Agro Geo-Cooperatives to benefit from the ABP for the 2020 wet season. Similarly, across three other north-western states of Jigawa, Sokoto and Kebbi, NIRSAL is supporting 9,652 farmers predominantly cultivating rice on a combined 15,398 hectares of land. Amongst the farmers are 60 persons supported to produce a total of 60,000 fish under the NIRSAL Virtual AGC model.





## Farmers from across the Country laud NIRSAL on the Agro Geo-Cooperative® Model



*Theresa Thompson Akpan, President of Uyo Women AGC, also lauded the NIRSAL AGC Model*

Palpable enthusiasm has trailed the NIRSAL Agro Geo-Cooperative® model across the country which holds promise for improved access to finance and markets for smallholder farmers. Some AGCs already formed across the country have accessed finance and are at advanced stages of production in the 2020 wet season. Farmers and leaders of their communities have lauded NIRSAL for the innovation, and the CBN for providing the finance that has served to promote the AGC model as a safe environment for diverse financiers.

Notable among the voices of commendation, encouragement and support that NIRSAL has received in the past months was that of Mai Umar Mustapha Aliyu, the late Emir of Biu. A team from NIRSAL led by the Managing Director/CEO, Aliyu Abdulhameed, met with representatives of the over 4,000 members of MDMAN AGC at the Emir's palace after the strict coronavirus-induced lockdown to provide support for the acceleration of maize production as well as other

commodities across Borno State and the North-East in general.

The Emir thanked NIRSAL for choosing his emirate as the location to hold the event symbolizing NIRSAL's support for farmers across the region, and charged all beneficiaries to be true ambassadors of the Biu Emirate by being honest and diligent in all their dealings. President of MDMAN Farmers AGC, Mohammed Dilli, expressed his gratitude to NIRSAL for supporting members of the Maize Association of Nigeria in Borno, and called on his members to reciprocate the goodwill by repaying their loans as and when due.

A similar event took place in Uyo, Akwa Ibom State with the Uyo Women Agro Link Multipurpose Cooperative Society forming an AGC and receiving support for the production of cassava. Mrs. Theresa Thompson Akpan, President of the Uyo Women AGC described NIRSAL's support as a milestone in enhancing cassava production



*Mohammed Dilli, President of MDMAN Farmers AGC, extolled NIRSAL's AGC Model in Biu, Borno State*

in the state. She urged her colleagues to embrace NIRSAL's approach to farming as a business in order to move from peasant farming to sustainable agribusiness.

In the FCT, an event that symbolized NIRSAL's tentacles across the North-Central region was held in Dobi, where farmers from various AGCs assembled to receive input support from NIRSAL under the CBN's Anchor Borrowers' Programme (ABP). Sesame, soya, maize, and rice are among the crops being grown in the region, as Nigeria continues to chase the complete import substitution of key industrial and consumer commodities. Farmers in Dobi were particularly excited by the AGC model saying, "With NIRSAL's assistance, we have been introduced to a better way of farming than what we have been doing in the past. This knowledge will be applied even beyond the 2020 wet season."

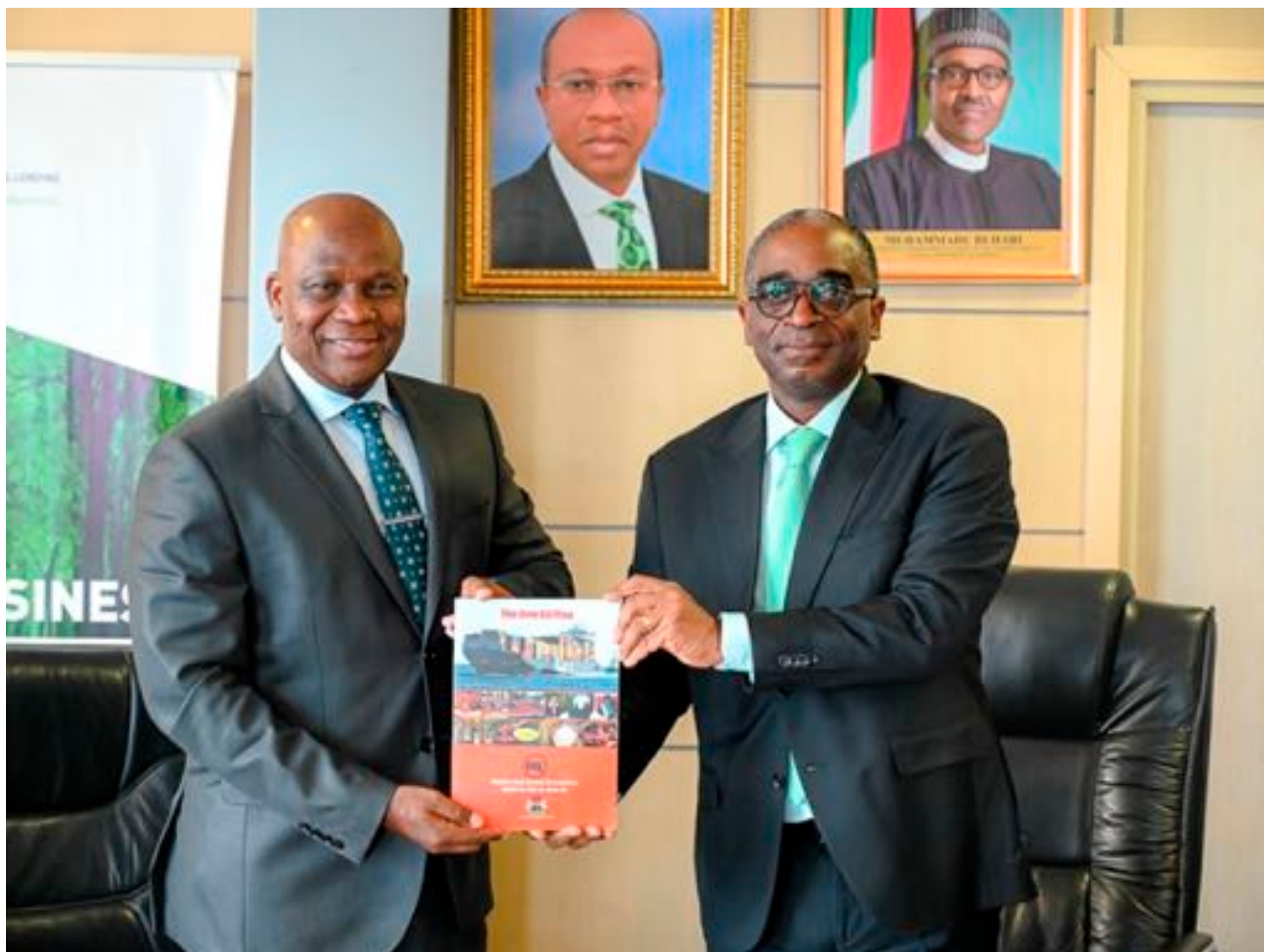
The same enthusiasm over the NIRSAL Agro Geo-Cooperative® model has so far been recorded in Enugu, Delta, Oyo, Adamawa, Kaduna, Ondo, Ogun, Anambra and Taraba States. This disposition is easing the penetration of the model as NIRSAL aims at a medium-term target of 16,000 Agro Geo-Cooperatives covering 4 million hectares of land. Amongst the AGCs are Virtual

AGCs for farmers without landholdings. Specifically, Virtual AGCs are for aquaculture and poultry production, with farmers required to team up with colleagues in ponds and pens within a 10-Kilometer radius. Once a group of farmers attain 50 individuals in size, each with a capacity for 1,000 birds or juveniles, a Virtual Agro Geo-Coop is reached.

Emerging from such a trying period as the COVID-19 lockdown, NIRSAL and indeed all agriculture stakeholders are acutely aware of the need to double efforts in the farms and across the agricultural value chain. Food import bans aside, the forex to commit to food imports is perilously scarce at this time of crisis. With land and labour in abundance, Nigerians must instinctively resolve to produce their own food and to even export. In this regard, this first major outing of the NIRSAL Agro Geo-Cooperative® model will test Nigeria's capacity and readiness to do what she must to feed her teeming population, provide jobs for millions of young people, and diversify her economy.



# NIRSAL, NEPC take on the Prospects of Non-Oil Exports during and Post-COVID-19



*Aliyu Abdulhameed, Managing Director/CEO, NIRSAL Plc and Segun Awolowo, Executive Director, NEPC*

An outcome of a Zenith Bank-organised webinar on “Prospects of Non-Oil Exports During and Post COVID-19” last August is a budding collaboration between NIRSAL and the Nigerian Export Promotion Council (NEPC). The webinar examined the continuing global struggle of the oil market in the midst of a devastating pandemic, with Nigeria’s economy visibly suffering as a result. A development that has again refocused the attention of stakeholders on the performance of the non-oil economy.

Nigeria is an important member of the comity of nations, with much more than oil to offer an increasingly interconnected world. Many believe that regardless of her oil fortunes, the country must add more products to its export shelf for the benefit of her teeming population. Zenith Bank’s webinar bemoaned the limited range and

volume of Nigeria’s exportable value-added products, while also stirring relevant stakeholders to ideate and plug the gaps.

Managing Director/CEO of NIRSAL Plc, Aliyu Abdulhameed, who was at the session noted that there is an urgent need for Nigeria to build her agricultural export profile by assessing where her strengths lie vis-à-vis the commodities that are globally in demand. His thoughts aligned with those of his counterpart at NEPC, Segun Awolowo, who called for a more direct engagement for the consideration of the export agency’s Zero Oil Plan.

Already, Abdulhameed has received a delegation from the NEPC led by Awolowo in line with the resolutions of the webinar. Both organizations are proposing to jointly



*Participants at the NIRSAL-NEPC Technical Session*

design financing instruments that will increase access to credit for exporters; collaborate on the implementation of NEPC's Zero Oil Plan (ZOP) & Export Expansion Grant; and develop a framework for the establishment of Export Trading Houses. [...cont'd on page 25]

Potential gains of a NIRSAL/NEPC collaboration also includes the encouragement of value addition to agricultural commodities at production levels as against the hurried sale of raw materials for a small fraction of value chain revenues. This can be achieved through NIRSAL's Mapping-To-Markets initiative where production in the upstream segment of the value chain is triggered by specified demand in the midstream. In this way, Awolowo reckoned, agriculture would attract more forex for Nigeria and more rewards for the farmers.

The plot thickened with NIRSAL's established value chain approach to agriculture and agribusiness financing, which exemplified the NEPC's hopes for the flow of value through agricultural value chains through supporting farmers in the upstream segment of the value chain to produce efficiently for processors in the midstream who will then service the markets. The NIRSAL Agro Geo-Cooperative® (AGC) model, currently operational across the country presents the NEPC with a framework to use or build upon.

Following the meeting of the Executive Management Teams of NIRSAL and NEPC came a technical session for a deep dive into the mandates and capacities of both organizations. As they appraise each other, the prospect of a Memorandum of Understanding sits on the horizon,

as a partnership between farmers and Nigeria's anchor agency for exports makes absolute sense – more so at this time when economic diversification is a national imperative.

Mr. Abdulhameed expressed optimism that the collaboration between NEPC and NIRSAL will boost the production and processing of market-led, prioritised exportable agricultural products for facilitated access into the international market. He praised the scope of Awolowo's work at the NEPC, including the provision of frameworks required to tackle the economic challenges facing the country in generating sustainable revenue inflows to meet national financial obligations, support local businesses and support the national food security and poverty alleviation drive of the Federal Government.

Awolowo's optimism was apparent in his revelation of the establishment and immediate inclusion of NIRSAL in the NEPC's National Committee on Export Promotion (NCEP). It is a platform for core stakeholders in the non-oil export sector to articulate and align their export development programmes into a coherent, inclusive and sustainable economic diversification programme driven by 22 strategic ZOP sectors and selected One State One Product (OSOP) commodities for each State and the FCT.

NIRSAL and NEPC will present joint papers to the NCEP during the committee's next technical session. Should the ongoing cross-organisation appraisals of their technical committees bode well for a formal partnership, both parties may execute a Memorandum of Understanding at that NCEP session.



## CALL FOR ENROLLMENT

### THE NIRSAL PLC AGRO GEO-COOPERATIVE® DRY SEASON & NON-SEASONAL AGRICULTURAL COMMODITIES PRODUCTION

TO FACILITATE ACCESS TO FINANCE, PRIMARY PRODUCTION / FARMING STRUCTURING & GOVERNANCE, LOAN REPAYMENT AND SUPPLY CHAIN SECURITY FOR

FOOD, INDUSTRIAL RAW MATERIALS AND FOR EXPORT.

The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL PLC), a non-bank financial institution wholly-owned and incorporated by the Central Bank of Nigeria (CBN) to De-risk Agriculture and Facilitate Agribusiness, is calling on all smallholder farmers (2020/2021 Dry Season) farmer leaders and aggregators to key into its Agro Geo-Cooperative® model created for the purpose of sustainable farm/field structuring and governance, to enable sustainable access to finance.

Anticipating the new challenges and opportunities that will emerge for Nigeria's agricultural economy in the COVID-19 and Post COVID-19 era, NIRSAL PLC has embarked on a project of creating 16,000 Agro Geo-Cooperatives on 4 million hectares of farmland and enrolling about 8 million farmers across Nigeria expected to produce about 12 million metric tonnes of Grain Product Equivalent (GPE) annually over the medium to the long term time horizons. NIRSAL expects that under this arrangement, farmers will be enabled to have access to structured finance, quality inputs, extension, monitoring, weather information, aggregation services and access to markets.

The NIRSAL Agro Geo-Cooperative® (AGC) model recognizes that it is the land that makes the farmer; hence, No land No farmer! Accordingly, the model groups farmers based on the contiguity of their farmlands, with each farmer retaining what is originally theirs and becoming partakers in large, structured farming projects. The bigger and more contiguous an Agricultural Geo-Cooperative is, the faster and easier for it to have access to structured finance, quality inputs and structured markets through NIRSAL's facilitation.

While there have been many enrolments into NIRSAL's AGCs across the country, more Rice and Wheat farmers, farmer leaders and aggregators are particularly encouraged to sign up according to the categorizations below:

I.	AgroGeoCoop Cell ®	10 hectares
II.	AgroGeoCooperative Block®	50 hectares
III.	AgroGeoCoop Unit ®	250 hectares
IV.	Emerging Micro AgroGeoCluster ®	251 – 500 hectares
V.	Micro AgroGeoCluster®	501 – 2,500 hectares
VI.	Small Agro GeoCluster®	2,501 – 5,000 hectares
VII.	Medium AgroGeoCluster ®	5,001 – 7,500 hectares
VIII.	Large AgroGeoCluster®	7,501 – 10,000 hectares
IX.	Mega AgroGeoCluster®	10,001 – 20,000 hectares
X.	Super Mega AgroGeoCluster®	20,001 hectares and above.

## CALL TO ACTION

A review of the applications received following the earlier call for enrollment into NIRSAL's AGCs indicated the need to make a specific call for:

- I. **Dry Season Agricultural Geo-Cooperatives**  
Rice, Wheat, Tomato etc.
- II. **Non-Seasonal Agricultural Geo-Cooperatives**  
Aquaculture, Livestock and Poultry.

Accordingly, NIRSAL PLC has trained and primed its Project Monitoring, Reporting and Remediation Officers (PMROs) in the 36 States of the Federation and the FCT to assist farmers, farmer leaders, aggregators and other interested participants to meet the following pre-qualification requirements for dry season and non-seasonal commodities:

- I. Know Your Farm's (KYF) Geographic Coordinates and Size
- II. Know Your farmland Neighbour (KYN)
- III. Know Your Customer (KYC)
- IV. Elect Agro Geo-Cooperative Leaders (President, Vice President/Secretary and Director of Finance)
- V. Download/Collect (online and offline) and complete the NIRSAL Agro Geo-Cooperative Enrollment Forms (AT NO COST)
- VI. Submit completed offline forms to NIRSAL PLC offices across the country (PMRO officers located in CBN branches near you) for further processing. Online enrollment on [www.nirsal.com](http://www.nirsal.com) is highly recommended.

In line with this, Community Leaders, Individuals, Enterprises, Corporate Bodies, Graduates, N-POWER Beneficiaries, Active and Retired leaders and farmers in: The ADP programme, World Bank FADAMA Programme, USAID MARKETS Programme, IFAD Value Chain Development Programme, The World Bank Climate Adaptation and Business Support Programme, AfDB Agric programmes, the DFID's Propcom Maikarfi Programme, the SASSAKAWA Global 2000 Programme and others that meet NIRSAL PLC's eligibility requirement and who are domiciled in or have access to their communities and farmers, are encouraged to take advantage of this opportunity as a means of employment and a source of income generation through supporting the productive activities of their self-organized Agro Geo-Cooperatives.

To contact NIRSAL PMROs go to [www.nirsal.com](http://www.nirsal.com) OR send an email to [info@nirsal.com](mailto:info@nirsal.com) for more information.



## Climate Change and Agriculture: Interrogating the NIRSAL-NiMET Partnership

It is widely believed that no agricultural system can survive if the natural conditions are hostile and management is incompetent. This view is shared by many agriculture stakeholders, including NiMET and NIRSAL, who believe in the science behind leveraging favourable natural environmental conditions for successful production purposes, and still succeeding when those natural conditions are not so favourable. The never-ending demand for food and jobs in any economy requires that agricultural production systems must be adapted to go on in spite of climate change or weather variations.

Among the risks of relying on chance for the success of agricultural production projects is the possibility of low yields or total project failure, in which case, value chains are truncated, and food security remains an illusion. In reaching out to NiMET for a partnership, therefore, NIRSAL was intent on ditching trial and error methods of food production for a more precise system that not only guarantees higher yields but also preserves land and water resources for longer, more productive use.

Part of NiMET's mandates is to publish scientific papers in various branches of meteorology in support of socio-economic activities in Nigeria, a mandate it continues to fulfil by partnering with NIRSAL to cascade agro-meteorological data crucial for agricultural activities across farmlands, especially NIRSAL's Agro Geo-Cooperatives, nationwide. The partnership is also improving the usefulness of NIRSAL's Agricultural Commodity Ecological Area (ACEA) maps that answer "what to produce" and "where to produce"-related agricultural investment questions.

Relevant agro-meteorological data from NiMET feed into NIRSAL's training curriculum for smallholder farmers, and also informs some intervention elements in the toolboxes of Project Monitoring, Reporting and Remediation Officers around the country. Every farmer needs guidance and information sufficiently detailed for them to determine whether or not their farms are in good health and whether their circumstances differ from those of their neighbours.





As a technical supporter of agricultural investments, NiMET is a natural partner to NIRSAL. Its capabilities include the adequate monitoring of weather and climate, generation and archiving of weather and climate data that are useful for researches on weather variability and climate change, installation of Early Warning Systems (EWS) for impending hazardous weather and climate events, and regular assessments of the impact of weather and climatic conditions amongst others. NiMET also holds the important functions of influencing government policies on weather and climate, as well as interpreting same for domestication.

One key output of NiMET's work is the Seasonal Rainfall Prediction (SRP). It predicts the Onset and Cessation dates of the cropping season, Rainfall amount and Socio-Economic implications. The SRP provides advisory on crop selection to suit predicted hazards, i.e, the use of flood-resistant and drought-resistant rice varieties in different Agricultural Commodity Ecological Areas (ACEAs) of the country. The SRP is also useful for guiding farmers on what

to plant, where to plant, how to plant and when to plant to reduce the risk of crop failures and post-harvest losses.

NiMET understands that a comprehensive strategy for addressing climate change must include adaptation by the smallholder farmers, pastoralists and forest dwellers, through their land use and cultivation practices to increase crop yield and productivity. Adaptation can be autonomous or planned, the former is the ongoing implementation of existing knowledge and technology in response to the changes in climate, while the latter is the increase in adaptive capacity by mobilizing institutions and policies to establish or strengthen conditions that are favourable to effective adaptation and investment in new technologies and infrastructure. Working right smallholder farmers to improve yields, while also driving innovations for climate-smart agriculture adoption in Nigeria, it is safe to say that NIRSAL finds relevance in both autonomous and planned adaptation windows.

# Climate Change: NIRSAL, CIAT working to Develop Climate Risk Profiles for Agricultural Climate Change Adaptation and Mitigation Programming in Nigeria



*NIRSAL's Executive Director-Technical, Babajide Arowosafe, at the NIRSAL/CIAT Workshop in Abuja*

In furtherance of its commitment to contribute to the realization of Nigeria's NDC goals and targets as ratified at the UNFCCC COP21 and consented to by President Muhammadu Buhari in Marrakech, and its push for the adoption of climate-smart agricultural practices, NIRSAL is working with the International Centre for Tropical Agriculture (CIAT) to develop climate risk profiles for agricultural climate change adaptation and mitigation programming in Nigeria.

As demonstrated in a stakeholder workshop held in Kaduna in September 2020, NIRSAL remains committed to climate-smart approaches to agricultural primary production in Nigeria, having signed an MOU with CIAT in 2018. CIAT, meanwhile, are in partnership with Bioversity International, a development which has created a robust technical team in the pursuit of a climate-sensitive

agriculture sector in the country.

Those at NIRSAL believe that the institution's goal of bringing 82% of Nigeria's farmers out of poverty by the year 2022 could be hampered by adverse climatic conditions; the risk management institution therefore proposed and pursued the proactive and methodical mapping and validation of Nigeria's Agricultural Commodity Ecological Areas (ACEAs) as an innovative step towards the most efficient utilization of Nigeria's agricultural resources.

When the innovative step is fully developed, the climate risk profiles would become an additional layer of decisions support mechanism, providing further guidance to financiers, investors and agribusiness developers in order to accelerate direct finance, investments and climate-compatible development in agricultural value chains. This





will enhance the potential of agriculture for delivering food security and nutrition to Nigeria. NIRSAL and CIAT are currently developing climate risk profiles for 6 major crops across their respective value chains, including cotton, cassava, maize wheat, sesame and soya.

Agricultural investments are often packaged on a value chain approach. Unfortunately, commodity value chains in developing nations across Sub-Saharan Africa, like Nigeria, do not have coherent value chains that adequately address key risks such as climate change, market price fluctuations, and pests & diseases. The challenges posed by climate change/variability, in particular, are posing serious threats to agricultural value chain development across the country and could push down productivity by 10–25% in six decades, according to Nigeria's Nationally Determined Contributions (NDC).

In fact, the NDC further asserts that Nigeria's poorest farmers are already facing crop losses from rising temperatures, changes in rainfall patterns, and increased incidences of pests & diseases. This is in addition to the more obvious problems of desertification, increased flooding, deforestation, increasing ambient temperatures and the depletion of freshwater resources, all of which leave Nigeria's farmers needing such technical interventions and redirection as the one being developed by NIRSAL and CIAT.

Climate-Smart Agriculture is among NDC's propositions to mitigate the aforementioned risks and contribute to Nigeria's climate change mitigation goals. Identifying and integrating risks and potential remedies require the understanding of the risks across the entire value chain, to de-risk agricultural investments and direct interventions and finance for greatest impact.

The NIRSAL/CIAT project fits into the NDC's proposal of remedial actions to help Nigeria combat climate change and its attendant economic challenges. Progressing, it will develop agricultural risk profiling for the six priority value chains looking across the upstream, midstream and downstream segments of the value chains: from production to storage and processing to distribution and consumption.

The Stakeholder workshop brought together actors across the agricultural value chain, including federal ministries, agencies and parastatals as well as the private sector to determine the hazards from the climate modelling results as well as to proffer climate change adaptation options for the crops.

## Vegetable Oil Processing: NIRSAL grants Credit Guarantee on N1.1Billion Facility to Companies in Umuahia



*Inspecting CRG beneficiaries' facilities*

In Umuahia, Abia State, two vegetable oil processing companies have found the Credit Risk Guarantee (CRG) facility offered by NIRSAL Plc helpful in their quest to expand their productive capacities and boost revenue. Jilnas Nigeria Ltd and Monica Integrated Global Industries Ltd obtained NIRSAL's CRG on a collective loan sum of N1.1Billion which was sourced from Stanbic IBTC Bank.

Such deals are the building blocks that formed NIRSAL's report card of N105.13Billion facilitated for agriculture and agribusiness since its inception.

To highlight the importance of financing for businesses in the economy, the Managing Director of Jilnas Nigeria Ltd, Mr. Lawrence Chika Anike revealed that it was a 2015 loan that got the company off the ground. Now at a production capacity of 50 metric tons per day, the injection of

N708Million will provide 200 metric ton boost, aiding the company to achieve a Q4 2020 target of 250 metric tons output per day.

Monica Integrated Global Industries Ltd secured a N405Million facility to finance 90% of the cost of importing a continuous solvent extraction plant and its accessories. The cost of funds is mitigated for the company by NIRSAL's Interest Drawback (IDB) scheme which returns up to 40% of the interest on loans to borrowers for good behaviour. It is a sweetener that is particularly pleasing to Mr. Uchenna Unechukwu (Esq.), the Managing Director/CEO of the company, for its instrumentality in reducing the interest burden shouldered by the company.

By structuring the agricultural value chain into Pre-Upstream, Upstream, Midstream and Downstream



segments, NIRSAL demonstrates its value chain approach to agricultural financing. The operations of Jilnas Nigeria Ltd and Monica Integrated Global Industries Ltd exemplify the flow of value through the segments in line with NIRSAL's blueprint as suppliers to these two companies and the eventual buyers of their products are impacted by the boost in their business. In other words, the suppliers of the palm kernel and the distributors of the vegetable oil are positively impacted. Furthermore, waste from the plants are sold to producers of animal feed in the upstream segment of the livestock value chain.

For NIRSAL-supported projects, facility tours are commonplace. Moreover, its Project Monitoring, Reporting and Remediation Office (PMRO) maintains a close relationship with projects, ensuring their continued viability and positive disposition to loan obligations. Thus, in a tour of the facilities of the two companies, NIRSAL's Executive Director, Operations, Kennedy Nwaruh commended the pace of work at the sites, particularly for Monica Integrated Global Industries Ltd whose equity contribution to the comprehensive financing of their factory upgrade is the cost for civil engineering works required to house the solvent extraction plant being imported.

Mr. Nwaruh said that NIRSAL's business involvement with Jilnas and Monica Integrated is consistent with its dedication to fixing breakages in the agricultural value chain by strengthening actors in its distinct segments. With the productive capacities of the two companies increased, he said, they are better able to patronize the businesses that supply their raw materials, and service the businesses that purchase their finished goods. More so, the commensal relationship that exists between the two companies and the users of their by-products is nourished.

Financing the operations of Jilnas Ltd and Monica Integrated produce ripple effects that show how innovative agricultural financing injects life into entire communities, creating jobs, providing food, and delivering economic value to state authorities. It is also very profitable for the financiers. Though commercial banks are generally profit, the overriding need to protect depositors' funds

made them unwilling to lend to agriculture through the years. This caution, from perceived high risk in agriculture investing, is the reason for the establishment of NIRSAL by the Central Bank of Nigeria. Wedged between providers of finance and agro-oriented users of finance, NIRSAL is building bridges that will ensure healthy, sustainable handshakes across the divide.

As mentioned earlier, banks may lend to actors in the agricultural value chain at prevailing market rates, so their disposition to lend is not impaired in any way whatsoever. While they enjoy the comfort of NIRSAL's CRG, borrowers, on the other hand, enjoy the Interest Drawback scheme that reduces their interest burden by up to 40%, provided they remain in good standing. Thus, the interest drawback scheme both reduces cost of funds for borrowers, and also prompts them to repay their loans as and when due, which is another security factor for lenders.

# Digitization of Nigeria's Agriculture: NIRSA's Field Technology Capabilities



*Field mapping in Etche, Rivers State*

Over the last four years, NIRSA has hit historical milestones in the acquisition and adaptation, and in some cases, development, and deployment of Information Communication Technologies (ICTs) to digitize Nigeria's Agriculture Sector. According to the Digitization of African Agriculture Report, 2018-2019, digitization of agriculture implies the use of digital technologies, innovations, and data to transform business models and practices across the agriculture value chain, including production, post-harvest handling, market access, finance, and supply chain management.

In recent years, internet connectivity and mobile phone penetration have been rising faster in Africa than anywhere else globally, and there is much innovation taking place across the continent. Thus, there is a unique

opportunity to use this momentum and use this digital frontier to pull the agriculture sector and continental development. Naturally, Nigeria must lead, having by far the largest internet penetration in Africa. Statista ranks her highest in internet usage in Africa, with 126 million users as of December 2019. In contrast, second-ranked Egypt had 49.23 million users.

If the current numbers offer technological leverage opportunities in business processes, the projections do even more; they present institutions like NIRSA with the business case around which to lay the groundwork for a 21st Century Agribusiness Industry. Indeed, NIRSA is already on course to do just that, applying ICTs to agriculture to address some of the identified gaps across value chains, while ensuring a solid business case to



support deployment costs. Under its partnership with Microsoft and Mastercard, NIRSAL has identified farmer profiling, identity verification, and the creation of governance structures as requisites for value chain management and improved access to finance and markets.

Furthermore, by building stakeholder capacities in digital literacy and bringing in expertise, NIRSAL has used new technologies such as drones to make more critical information available to farmers to improve yields, including the development of new data analytics in partnership with the Nigerian Meteorological Agency (NiMET) and Microsoft to provide farmers with weather forecasting and agronomic advice. In localizing these innovations, NIRSAL works with local technology operators to develop sustainable businesses. Still leveraging technology, insurance products like the Hybrid Multi-Peril Crop Indemnity-Index Insurance (HM-II) has been developed to address climate risks.

To maximize the use of new technologies and develop applications, the efficient exchange of data is required. NIRSAL has worked with partners to investigate how data sharing and exchange can be equitable so that smallholder farmers can also derive the benefits of open farm data. This has resulted in the development of a registration and administrative portal for NIRSAL's Agro Geo-cooperatives (AGCs). The portal is embedded with APIs connected to national databases to transmit and validate data seamlessly.

NIRSAL's digitization strategy is anchored on three pillars, namely: Identity, Payment, and Data Systems. These pillars optimize the output utilized to deliver on NIRSAL's critical mandate to "de-risk" agriculture in Nigeria. The risk management institution has automated modalities for capturing, processing, validating, and verifying data pertaining to land assets, farmer identity, and community profiling under its identity management system.

Where cash movements are concerned, NIRSAL designed its payment management systems to leverage

cashless and digital transaction dynamics to improve traceability, transparency, and "last inch of the last mile" disbursement to the hinterlands. It operates a bouquet of solutions that include a loan management software, an electronic wallet, USSD services, and credit processing systems. NIRSAL has also keyed into the Growth Enhancement Support Scheme (GESS) of the Federal Government, which has registered 14.5 million farmers and liberalized input distribution through an e-wallet system.

For all these solutions to be effective, a comprehensive data management system has been developed to acquire, validate, store, protect, and process required data to ensure the data's accessibility, reliability, and timeliness. This system has been utilized in NIRSAL's field operations to deliver decision support through artificial and market intelligence as well as through predictive analytics.

The Coronavirus pandemic has put all the foregoing in perspective. Its impact on the sector is often analyzed in terms of demand and supply parameters: On the supply side, the pandemic has led to limited labour availability, logistics problems, increased production costs, and in some cases, border closures. On the demand side, the impact ranges from abrupt changes in sales channels to shifts in consumer preferences and drops in purchasing power. Whatever the case, the pandemic has also accelerated pre-existing trends. Changes that many thought would take years, especially in technology and digitization on the field, are already taking place, and NIRSAL is at the forefront of bringing these changes.

# Training the Trainers: NIRSA's Field School for Smallholder Farmers



*On-going training in Adamawa State*

For many, Nigeria's recent uptrend in food production owes everything to a rising production impetus: financing farmers, providing certified seeds and creating more access to modern equipment amongst other incentives. At the end of the day, higher harvest volumes belie the fact of intellectual capacity upgrade for smallholder farmers. Even so, it is arguable that Nigeria's agriculture has been dogged more by lack of modern knowledge in the part of farmers than by the lack of finance, equipment or natural resources. Smallholder farmers, dominant on the agricultural landscape, scattered, and largely subsistent, have been operating the business models of their forebears. These models limit innovation, access to finance, hence, growth.

Where finance often answers the question of 'what to produce', it doesn't attend to 'how to produce'

as often; leaving smallholders to their own devices. As a consequence, yields flounder and, along with it, loan repayment capabilities. This cycle has kept commercial lenders away from the Upstream segment of the agricultural value chain, stationed middlemen at farmgates, and left smallholders impoverished. At the other end of the line, it set scarce foreign exchange aflight with Nigeria importing perilously, covering its economic extravagance with surpluses from crude oil trade.

The question of 'how to produce' is answered by technical know-how. Farmers need an acceptable education base, and continuous learning from there onwards. Though academic curriculums change, systems exist for beneficiaries of formal education to keep pace with contemporary trends and new information. At the very least, formal education provides a base for subsequent



job-specific trainings, enabling the maintenance of an instinctive set of standards for the outputs of corporate society. Not so for smallholder agriculture. As the premier industry of man, people at different levels of mental development enter into agriculture and operate at standards that are at times out of tune with the rhythm of the larger society.

As the new innovators in Nigeria's agrispace, NIRSAL's Smallholder-Inclusive Approach to Agriculture underscores the need for a shift from the sub-optimal business-as-usual way of farming to a structured approach which aggregates hectares of contiguous farmlands in areas where the production of best-suited commodities are supported by nature and science. This approach optimizes primary production without displacing Nigeria's millions of smallholder farmers. To optimize their relevance in the modern scheme of things, NIRSAL upgrades their intellectual capacities to comprehend and operate within systems that can evolve with the times. This approach makes training an ever-present component of all business models NIRSAL develops and/or facilitates finance for.

With the introduction of its Agro Geo-Cooperative® (AGC) model, the training component of NIRSAL's interventions have become even more elaborate as trainer trainings and step-downs become more efficient and targeted. AGCs follow the Agricultural Commodity Ecological Area (ACEA) maps developed by NIRSAL and validated by research institutes, therefore, they are specialized in the commodities they produce and in the training programmes designed for them. However, as in formal education settings, there are general courses that apply for all farmers. These relate to modern agribusiness management and the understanding of distinct value chains.

This year, NIRSAL's trainings for many newly formed AGCs have focused on:

- Agribusiness Management – with emphasis on farm business cycles, record keeping, planning, purchasing decisions, cash flow, assessing and managing credit, value chains, market analysis, and group membership;

- Group Dynamics – with emphasis on communication, conflict resolution and management, mobilizing resources, planning and implementing as a group, group registration, and organising records;

- Package of Practice – to ensure that participants utilize best practices for optimum yield. Emphasis were on planning for the future, determining soil types and farm measurements, right tools for the right jobs, seed selection, fertilization, records as a tool, and harvest and post-harvest practices.

- Overview of Yield Index Insurance –

- Business Planning and Management, and

- Budget and Budgeting.

Post-training surveys are revealing the importance of the trainings to the farmers, and their specific needs for improved assimilation. They are yearning for translated handouts, a need NIRSAL recognizes and which it has largely addressed by training lead farmers who train their members in turn. It also helps, that farmers in AGCs democratically elect their leaders and have the opportunity to elect those that are better able to bridge whatever communication gaps exist between them and the experts who deliver trainings. Where lecturers that are proficient in every language are not available, AGC leaders at least are – for AGCs are emanating everywhere.

AGCs provide further opportunities for smallholder farmers to do profitable agribusiness while pursuing other legitimate goals of their members. Other than prescribed academic exposures, they can arrange for special sessions to gain knowledge on diverse fields in the economy. Much the same obtains in regular schools where extramural classes, holiday lessons even sandwich programmes receive sufficient patronage. To this extent, a field school is emerging for Nigeria's smallholder farmers on account of NIRSAL's work.

# The NIRSAL Agro Geo-Cooperative® Model: Virtual AGCs Explained



*Inspection of 153-pond capacity fish farm in Ikwerre LGA, Rivers State*

Much has been said about the NIRSAL Agro Geo-Cooperative® (AGC) model being an aggregation of smallholder farmers and their landholdings in 250-hectare structures. The logic is that, whereas commercial banks would be averse to financing farmers in piecemeal, a project the size of a geo-cooperative would sell itself. At N200,000 for the cultivation of grains on one hectare, for instance, a geo-cooperative would amount to N50,000,000 – a sizeable investment project for any bank to undertake. Moreover, by locking in the flow of finance within the entire project in one bank (or consortium of banks), the value for the said bank expands.

In considering other structuring of farmers under non-crop commodities like aquaculture and poultry, one becomes curious as to how poultry and fish farmers can fit into the AGC model. According to Ibrahim Abdullahi, Head

of NIRSAL's (AGC) Desk, farmers with small landholdings required for such commodities as aquaculture and poultry may not have contiguous lands that can be aggregated before they can be enrolled into AGCs; in fact, their pens or ponds may be as much as 10 kilometres apart and they would still be eligible.

Under the AGC model for these kinds of commodities, farmers within a 10-kilometre radius and within the same Local Government Area are aggregated. These are called Virtual Agro Geo-Cooperatives. Based on field realities, it is important to also have smaller units of the virtual AGCs as with the crop AGCs, viz, Geo-Cooperative Cells of 10 farmers through Blocks of 20 farmers to Agro Geo-Cooperatives of 50 farmers, each with a capacity for 1,000 birds or fingerlings.





Abdullahi's explanation touches on NIRSAL's youth empowerment objective – fish and poultry being, more or less, urban commodities. The large landmasses required to form crop AGCs occur more frequently in rural areas, but virtual AGCs can pop up anywhere. The practicality of virtual AGCs, therefore, encourages the building and/or strengthening of niche commodity associations in villages, towns and cities across the country. Farmers, like all businesspeople, must create and sustain transparent identities that can be vouched for and guaranteed by third parties. This they can achieve by finding and committing to common-interest groups within their localities.

NIRSAL has been supporting smallholder farmers and communities across the country to create AGCs for easy access to finance and markets. Already, more than 300

AGCs so far formed have received finance for production in the 2020 wet season. Virtual AGCs represent less than 5% of this figure, an occurrence that may be attributed to a lack of understanding of how virtual AGCs work. Through all of NIRSAL's touchpoints with agricultural value chain actors, Ibrahim Abdullahi has tasked his team to sell NIRSAL's Virtual AGCs as vigorously as they sell the others especially in regions with low land availability. In fact, NIRSAL continues to echo that farmers of non-seasonal commodities should continue to come together and form AGCs; poultry, aquaculture, they are not bound by rain or sun, and they are crucial to keeping Nigeria's food production momentum going even after the rains may have ceased.

# Sesame Production: Nasarawa State Government's Partnership with NIRSAI Yielding Results

On Saturday, 21st November 2020, the Executive Governor of Nasarawa State, Engr. Abdullahi Sule, along with relevant members of his cabinet, was joined by a NIRSAI team led by Executive Director-Technical, Mr. Babajide Arowosafe, in Doma Local Government Area to flag-off harvest processes for a 430-hectare sesame production project initiated by the state government and supported by NIRSAI Plc.

The project which involves 430 smallholder farmers is a meeting point for the State Government's desire to optimize its sesame production and NIRSAI's strategic intention to further validate its Agro Geo-Cooperative® (AGC) model as the panacea for improved agricultural financing.

Well over 40,000 farmers belonging to 200 AGCs from more than 21 states were structured, trained and financed to produce different commodities in the 2020 wet season, the source of finance being the Central Bank of Nigeria's (CBN) Anchor Borrowers' Program (ABP) which has been supporting smallholder farmers with input loans since 2015. The Nasarawa project is different because it is operating on commercial finance that is backed by NIRSAI's Credit Risk Guarantee (CRG).

Designed to unlock commercial finance into the agricultural primary production segment through appropriate structuring of commercial loans, economies of scale, and optimization of production processes, the NIRSAI Agro Geo-Cooperative® model has recorded important milestones in Doma with NIRSAI's success in unlocking finance from Keystone Bank and also leveraging innovative insurance for the success of the project.

Preliminary activities for the commencement of the project included land verification, geo-mapping and farmer registration exercises, all geared towards the creation of Virtual Asset Titles (VAsT) for the participating farmers. The VAsTs make the smallholder farmers legitimate claimants to the final proceeds of the business venture – after all financial obligations and costs must have been honoured. To participate in the project, the farmers were required to

make an equity contribution of 5% of the project sum; this was provided by the state government.

Now that harvesting has commenced, all parties to the project are poised to receive their expected outputs and outcomes. For the financier, it is high returns from their investment in a safe, controlled environment; for the farmers, it is access to markets and high profit margins. The guarantor of the project – the state government – benefits from a successful project, direct and indirect job creation, and also enjoys the goodwill of the benefiting farmers and people of the state in general. As for NIRSAI, its mandate of increasing the flow of finance into agriculture is met, and models for its long-term sustainability tested.

At the harvest flag-off, Governor Abdullahi Sule committed to expanding the scope of the project to a cumulative 13,000 hectares with 1,000 hectares in each LGA intended to engage 13,000 youths across the state. He also pledged to attend to infrastructure that are critical to the success and sustainability of food production using the AGC structure. Mr. Babajide Arowosafe, on his part, disclosed NIRSAI's commitment to work with the state government as they expand the project.

Against the backdrop of a COVID-19-devastated economy, NIRSAI is ramping up its efforts at supporting farmers as a contribution to the Federal Government's comprehensive response to the socio-economic challenges brought on by the pandemic. Adamawa, Anambra, Edo, Delta, Taraba, Gombe, Ogun, Osun and Benue are some more states lined up for the implementation of production projects leveraging the Agro Geo-Cooperative® model.



## PHOTOS FROM THE HARVEST FLAG-OFF OF THE NASARAWA SESAME PROJECT









# AGRIBUSINESS FINANCE MARKETS

NIRSAL exists to create a handshake between the Agricultural Value Chain and the Financial Sector in order to boost productivity, food security and the profitability of agribusiness in Nigeria.

At the heart of our strategy is the Credit Risk Guarantee (CRG) which enhances the flow of finance and investment into fixed Agricultural Value Chains by serving as a buffer that encourages investors to fund verified bankable projects.

Working with financial institutions, farmer groups, mechanization service providers, logistics providers and other actors in the Value Chain, NIRSAL is changing Nigeria's agricultural landscape and delivering food security, financial inclusion, wealth creation and economic growth.



# NIRSAL



**THE NIGERIA INCENTIVE-BASED  
RISK SHARING SYSTEM FOR AGRICULTURAL LENDING**

De-Risking Agriculture ■ Facilitating Agribusiness



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