

## The AgroGeoCooperative®: NIRSAL's game-changing strategy for post-COVID-19 agriculture financing in Nigeria

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**NIRSAL, NIMET Partner  
to Enhance Agricultural  
Operations**

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**Nationwide enthusiasm  
greet the NIRSAL Agro  
Geo-Cooperative® Initiative**





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## From our Managing Director/CEO

**Mr. Aliyu Abdulhameed**

Dear Reader,

Before our very eyes, the world changed. When the Coronavirus emerged in Wuhan, China nearly seven months ago, many looked to the World Health Organization (WHO) for an assessment. In a matter of weeks, the virus was assessed and reassessed, going from a Chinese public health quagmire to a health emergency of global proportions. It was declared a global pandemic – the highest signal of “Danger” in use. The world’s developed economies have taken a severe beating in turns: Italy, Spain, the United Kingdom, Germany, the United States, and now Brazil. Especially vulnerable to global risks, Nigeria, the world’s 27th largest economy, is firmly in the eye of the storm.

This pandemic has emerged another inflection point in the course of human civilization, dismantling any notions that the world has “big brother” economies, as everyone is now compelled to fend for themselves. Millions of Americans have been out of work for upwards of four months now, and the IMF says it will go around, meaning that unprecedented poverty will visit the world this year and beyond. As deeply troubling as this global state of affairs may be, it points countries like Nigeria in a definite direction: self-sufficiency.

It is as if Nigeria knew; efforts have more than doubled over the last few years to “grow what we eat and eat what we grow”. But, today, even that is in jeopardy as the pandemic continues to spread within the country. Many countries have seen disruptions in supply chains leading to a chain

reaction of revenue losses, large scale waste of perishable farm produce, reduced productivity of farms and food processors, and a depletion of the country’s food reserves as the government distributes palliatives to cushion the harsh economic effects of the global pandemic.

The UN says that Coronavirus disruptions could double the number of people around the world without reliable access to nutritious food to 265 million. This projection is especially grim for underdeveloped and developing countries hitherto struggling with food insecurity. The World Bank even believes that Sub-Saharan Africa could move from a health crisis to a food crisis – or even dwell in the midst of both at the same time. The gloomy pictures painted by these institutions are no more vivid than the lockdowns and consequences of same that Nigerians have already witnessed and continue to witness.

Inevitably, real measures aimed at “flattening the curve” have been reactionary at best, given that countries were reluctant to pause their economies. Many believe that even though total economic shutdowns would slow the spread of the virus, it could end up becoming a solution that is more hurtful than the problem itself. Thankfully, not all measures necessary to respond coherently to the situation at hand have been reactionary. Where agriculture is concerned, Nigeria has had a transformative vehicle in motion for some time, heading to a food secure destination. That vehicle is NIRSAL.



Now over four years old and firmly in the thick of agribusiness financing in Nigeria, NIRSAL no longer needs to introduce itself. Being the intervention agency that provides guarantees and other incentives to encourage the financial sector to lend to agriculture, its tentacles across Nigeria's agricultural landscape speak volumes. A bye product of this strategic "giving" to agriculture is a deep understanding of the challenges that reversed the historical heights the sector reached on the one hand, and the innovation it needs to leap onto the global stage of 21st Century business.

May I introduce the NIRSAL Agro Geo-Cooperative model, a system of organising, structuring, risk-managing, financing and controlling smallholder-based primary production agriculture otherwise called farming. Timelessly relevant, it was introduced by NIRSAL in 2019 to take Nigeria's agricultural momentum to an all-new high. It has now been adapted to the demands of these times: lean, purposeful movement; elimination of speculative, hit-and-miss labour; coherent linkage of all four segments of the agricultural value chain, and most importantly, increased productivity and earnings for farmers and other value chain actors.

As this edition of the NIRSAL Newsletter exhaustively presents the immediate and remote ideas behind the AgroGeoCoops® model, and NIRSAL's expectations from its uptake down the road, it becomes clear that something good can come out of COVID-19 after all. In all of this, NIRSAL does not give loans. The availability of finance is not the challenge here; a safe, structured environment for investors to operate in is. Banks have loan portfolios for agriculture; the CBN has the AGSMEIS Fund being disbursed by the NIRSAL Microfinance Bank, and the Federal Government is arranging other stimulus packages. If NIRSAL hits the scale it targets, even continental investors would take an interest.

Deviating from a monolithic economy is no longer a mere choice for Nigeria. Having been forced to review our national budget downwards chiefly because of falling oil prices, it is ever more apparent that Nigeria needs an economic ventilator as badly as a chronic COVID-19 patient. Hopefully, the agriculture sector will rise to the occasion. Thankfully, forces align: The government is serious, the financial sector is interested and ready, and farmers are up for it and are enrolling for the AgroGeoCoop® in droves. In spite of Covid-19, therefore, I remember Chief Obafemi Awolowo's words: "There is radiance in the darkness if we could but see!"





## Editorial

# Agro Geo-Cooperatives: NIRSA's game-changing strategy for post-COVID-19 agriculture financing in Nigeria



*Farmers being enrolled into an Agro Geo-Cooperative in Esan-East LGA, Edo State.*

Like other sectors of the economy, agriculture is being profoundly and negatively impacted by the Coronavirus. In many countries, the disruption of supply of goods and services globally has resulted in the loss of revenue from agribusiness, reduced productivity of farms and food processors, large scale waste of perishable farm produce, and many other challenges that have far-reaching effects on the global population.

For example, the United Nations says Coronavirus disruptions could double the number of people globally without reliable access to nutritious food, to 265 million. The projections are especially grim for regions that were

already grappling with food security before the pandemic. This includes Sub-Saharan Africa which the World Bank says could be moving from a health crisis to a food security crisis.

The World Economic Forum puts it bluntly: "COVID-19 is set to radically exacerbate food insecurity in Africa". The continent's challenges are complicated by some negative developments which the pandemic has brought on: lockdown measures imposed by governments across the continent have disrupted agricultural supply chains and nations dependent on food exports are severely impacted by the reluctance of developed countries to allow food export at previous levels.

The prognosis from the Food and Agricultural Organisation is no less grim: “we expect disruptions in the food supply chains. For example, restrictions of movement, as well as basic aversion behaviour by workers, may impede farmers from farming and food processors - who handle the vast majority of agricultural products - from processing. Shortage of fertilizers, veterinary medicines and other input could affect agricultural production. Closures of restaurants and less frequent grocery shopping diminish demand for fresh produce and fisheries products, affecting producers and suppliers. Sectors in agriculture, fisheries and aquaculture are particularly affected by restrictions on tourism, closure of restaurants and café and school meals suspension”.

With regard to Nigeria, Ayodeji Balogun, CEO of AFEX Commodity Exchange Limited, Nigeria’s first private-sector commodity exchange firm recently identified some of the challenges that face Nigerian agriculture in the wake of the pandemic and subsequent lockdown. They include price spikes, labour shortages, logistics challenges, shortage of fertilisers and other inputs and limited access to markets.

He added: “Transport restrictions and quarantine measures are likely to impede farmers’ access to markets, curbing their productive capacities and hindering them from selling their produce.”

There have also been reports of Nigerian farmers complaining about crops rotting in the fields or at the depots waiting for trucks that never arrive. Other farmers also say the lockdowns are hindering farm inspections by banks, putting their financing at risk. This results in difficulty hiring tractors and other equipment which are crucial to many farming operations.

These developments and forecasts have prompted urgent action by major players in agribusiness including the Central Bank of Nigeria (CBN) and the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL Plc), a non-bank financial institution, itself a wholly-owned and incorporated entity of the CBN, established to de-risk agriculture finance and facilitate agribusiness across entire agricultural commodity value chains.

Even in normal times, NIRSAL’s role in agribusiness is crucial, being the intervention agency that provides guarantees and other incentives to encourage the financial sector to lend to agriculture. So, it comes as no surprise that the team at

NIRSAL is thinking outside the box during the present crisis. As the range of its initiatives and activities demonstrate, innovation is part of NIRSAL’s DNA.

One of the most important in this range of strategic initiatives is the NIRSAL Agro Geo-Cooperative system of organising, structuring, risk-managing, financing and controlling smallholder-based primary production agriculture otherwise called Farming. This is an innovation that NIRSAL introduced in 2019 and which it has updated as a smart strategy to mitigate the harsh impact of the covid19 pandemic on agricultural productivity and food security at this challenging time for the nation as well formally introducing the model at scale in order to mainstream millions of smallholder farmers to formal finance and formal markets

Crucially, the innovative model focuses on the most critical aspect of agriculture especially in a developing country like Nigeria: primary production. The central relevance of this focus is underscored by the Food and Agriculture Organisation: “Smallholder farmers represent the biggest employment sector in rural areas of the developing world, and they are also the most important contributors to global food production. More than 90% of the farms in the world are family farms; they produce 80% of the food and they operate 75% of the farmland”.

The Agro Geo-Coop-based farming model is a unique system that groups adjoining farmlands in geographical areas that have been identified as being suited for specific commodities. It is an improvement on the suboptimal practice of smallholder farming on small, unconnected parcels of land. Its unique Geo or farmland-based cooperative approach facilitates the agglomeration of large parcels of farmlands which makes it possible to introduce Precision Agriculture tools (Remote Sensing, Deployment of Unmanned Aerial Systems, satellite-based Global Positioning Systems etc) resulting in the optimisation of results.

The Agro Geo-Cooperative model is anchored on the fundamental theory that it is the farmland that makes the farmer, not the other way round. A basic feature of the AgroGeoCoop is the GPS-enabled Geo-tagging of each farmer to his land. This has solved the problem of identity and accountability which is a major risk element in smallholder agriculture finance around the world and particularly sub-Saharan Africa, Nigeria inclusive.

# Editorial

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 a Geo-Cooperative is, the faster and easier for it to have access to structured finance, quality inputs and structured markets through NIRSAL's facilitation.

To ensure improved outcomes, NIRSAL has invested in significant technical and technological capabilities to support and monitor this system of structured primary production. This is because understanding smallholder farmer data management requires defining from whom data is captured and the methodology of the data capture, the analytics and ultimately its distribution and usage as intelligence, information or as a decision support system. This has led NIRSAL to acquire and deploy geospatial tools and platforms to enable field-mapping activities such as Know Your Leader (KYL), Know Your Customer (KYC), Know Your Farm (KYF) and Know Your Neighbour (KYN) which are critical elements in profiling the human and the geographic elements of the AgroGeoCoops.

The array of field-ready equipment includes GPS devices, drones, mobiles, GIS-enabled tablets and BVN Enrolment/Verification Machines all linked by GSM Networks, satellite and Cloud synchronisation capabilities for back-end data collection, validation and rendition. To complement and strengthen the value of these tools and platforms, NIRSAL is also leveraging its partnerships with institutions such as NiMET and Microsoft which provide both Agrometeorological and embedded data capture capabilities for decision support to further enhance farm operations.

The bottom line: through such technology-enabled, risk-controlled systems, farmers enrolled in NIRSAL's AgroGeoCoops have higher chances of success in access to structured finance, quality inputs, extension monitoring, weather information, aggregation services, access to markets and other timely support.

AgroGeoCoops, the source of primary production, are also the centrepiece of NIRSAL's Mapping-to-Markets strategy (M2M), an end-to-end approach to agriculture finance whereby NIRSAL ensures that all segments of agricultural value chains are linked in a logical sequence to their immediate markets, with near-zero cash transactions amongst the value chain actors.

This is feasible because of the guaranteed trade relationships that would be established between the

NIRSAL AgroGeoCoops on the one hand and identified off-takers on the other hand coupled with the strategic trade linkages that would feed off the ecosystem for inputs, mechanisation, research and adaptive technologies, value-added processing and logistics services. Thus, the NIRSAL AgroGeoCoop ecosystem will bring clarity, structure and cash-flow visibility and tracking to banks, investors other financiers that will enable them to lend with confidence from their balance sheets and hugely complementing government intervention financing efforts in agriculture.

Already, NIRSAL has set for itself a clear and measurable target 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.

To ensure the success of this massive project, NIRSAL 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 pre-qualification requirements.

The PMROs are on hand nationwide to guide participating farmers through the enrolment processes which include identifying their farm's geographical coordinates and size, electing Agro Geo-Cooperative leaders as well as the free registration which can be done online or offline.

In order to open up the Agro Geo-Cooperatives project to the thousands of eligible farmers, NIRSAL is reaching out to all relevant stakeholders, including 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.

The Geo-Cooperative model for smallholder farming has two broad components. The first is a rigorous and well-thought-out structuring of primary agricultural production based on a deep but practical understanding of historical and current trends and practices. The second is the maximisation of appropriate technologies. Together, these two elements have the potential to have a game-changing impact on Nigerian agriculture in the wake of the Coronavirus pandemic and beyond.







# NIRSAL AGRO GEO-COOPERATIVE® FORMATION

## Consultations with Local Chiefs/Sensitization of farmers on the benefits Agro Geo-Cooperatives



Uzo Uwani LGA, Enugu State



Lere Town, Lere LGA, Kaduna State



Gui, Kuje Area Council, FCT



Garin Abba, Gassol LGA, Taraba State



Yamrat, Bauchi State



Mangu LGA, Plateau State



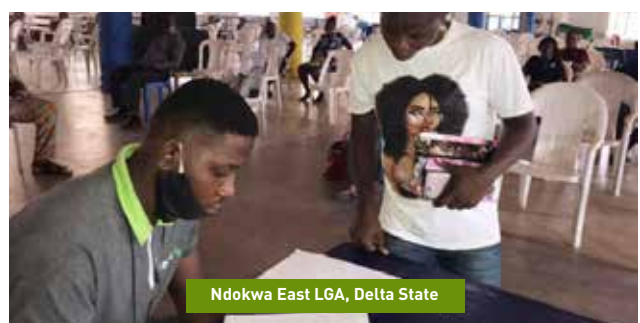
Goronyo LGA, Sokoto State



Umunneochi LGA, Abia State



Iboro, Egbado North LGA, Ogun State



Ndokwa East LGA, Delta State



# PROCESS ACROSS THE COUNTRY IN PICTURES

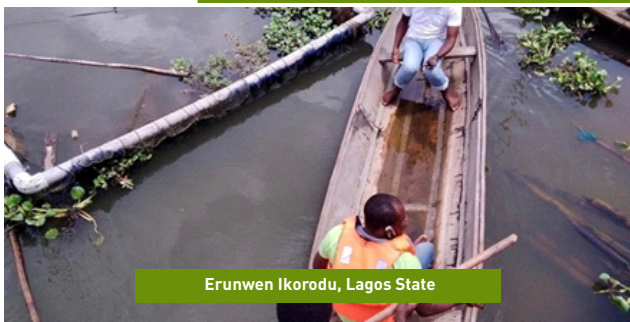


Potiskum LGA, Yobe State



Kogi LGA, Kogi State

## Know Your Farm (KYF): Measuring Geographic Coordinates and Land Sizes



Erunwen Ikorodu, Lagos State



New Town, Idanre Road, Ondo State



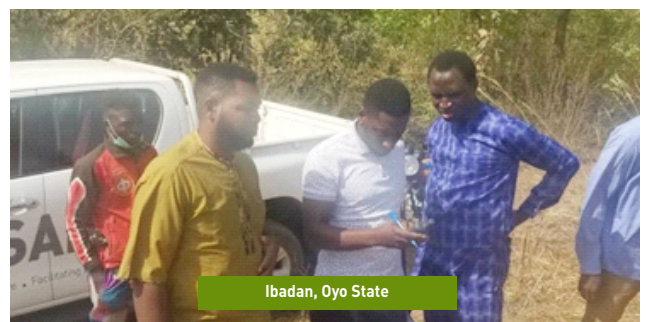
Daudu and Okpi Idoma, Benue State



Gui, Kuje Area Council, FCT



Jibia LGA, Katsina State



Ibadan, Oyo State



Ilorin South LGA, Kwara State



Gusau, Zamfara State



## Know Your (farmland) Neighbor (KYN): Determination of Boundaries and Onboarding of More Farmers



Ofonmana, Obubra LGA, Cross River State



Otuedu, Ogbia LGA, Bayelsa State



Ise-Orun LGA, Ekiti State.



Umuduruoma, Ihitte-Uboma LGA, Imo State



Suru LGA, Kebbi State

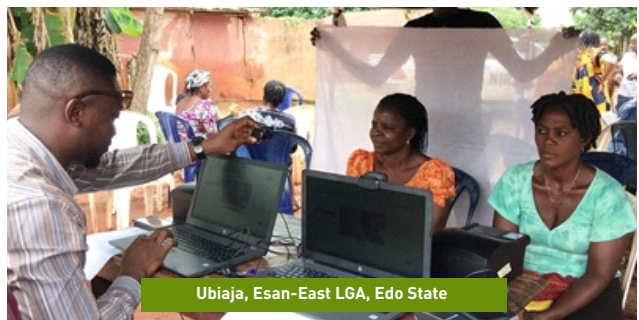


Umuduruoma, Ihitte-Uboma LGA, Imo State

## Know Your Customer (KYC): Members of AGCs Obtaining Bank Verification Numbers and Becoming Financially Included



Doma LGA, Nasarawa State



Ubiaja, Esan-East LGA, Edo State



Adani, Uzo Uwani LGA, Enugu State



Kumurya Village, Bunkure LGA, Kano State





Aguleri Otu, Anambra East LGA, Anambra State



Lavun LGA, Niger State



Ohaukwu LGA, Ebonyi State



Uyo, Akwa Ibom State

### Election of Agro Geo-Cooperative Leaders (President, Vice President/Secretary and Director of Finance)



Jere LGA, Borno State



Katanga, Kiyawa LGA, Jigawa State



Katanga, Kiyawa LGA, Jigawa State



Dukku LGA, Gombe State



Yola, Adamawa State



Ife-South LGA, Osun State



# NIRSAL facilitates over N104 billion to agriculture, creates 490,000 jobs



*From L - R: Ms. Ruth Ojo (AGM, Operations Lori B & DP Ventures); Mr. Bala Shehu (Zonal Head, North-West, Stanbic IBTC Bank); Mr. Wole Adeniyi (Deputy Managing Director, Stanbic IBTC Bank); Mr. Aliyu Abdulhameed (Managing Director/CEO, NIRSAL Plc) at the premises of Lori B & DP Ventures (Beneficiaries of NIRSAL's Credit Risk Guarantee) in Zaria, Kaduna State.*

The Management of NIRSAL Plc confirms that the institution has facilitated over N104 Billion as agro loans from Commercial Banks to support businesses across the various Agricultural Value Chains in Nigeria since its inception.

By its mandate, NIRSAL is not a lending institution but was created to stimulate the flow of affordable finance and investments into fixed agricultural value chains pursuant to revamping a critical sector of the economy that has underperformed for years.

Through value chain fixing, long-term stakeholder capacity building and institutionalised incentives for lenders to agriculture and agribusiness, NIRSAL is ushering in a sustained, business-driven growth throughout the agriculture sector leveraging its five (5) strategic pillars namely: Risk Sharing, Innovative Insurance, Technical Assistance, Incentive Mechanism and Rating.

Thus, NIRSAL serves as a catalyst that enables providers of finance and investment to lend and/or invest in agribusinesses leveraging its Credit Risk Guarantees and Risk Management Products, Tools, Techniques, Methodologies and Strategic Partnerships. As a result of the foregoing, the

following milestones and more have been achieved:

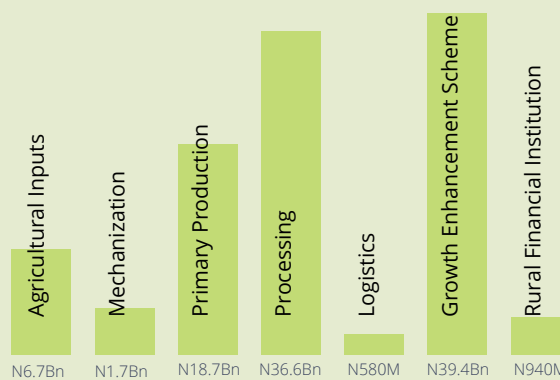
1. Development of Area Yield Index Insurance for the CBN's Anchor Borrowers' Program.
2. Signed agreement with PETKUS Technologie GMBH on new technologies for seed and grain processing in Nigeria.
3. Implementation Plan for the NIRSAL Student Knowledge Enterprise and Practice Program (NSKEP) which is ongoing and will provide exposure for 400-500 level students in agribusiness disciplines to gain field experience and pursue entrepreneurship in agribusiness.
4. Operationalization of the Financing Framework for the Acquisition & Rehabilitation of Tractors and Other Machines for redeployment into the field for productive use.
5. N717 Million CRG cover for Mass International & Equipment Nig. Ltd and Machine & Equipment Consortium for Africa (MECA) for the purchase of tractors.



6. NIRSAL Action Research-based Windmill for Irrigation was set up and the pilot project is at completion phase.
7. Development of concept note and financing framework for Vendor Financing Lot Sharing System (VFLOS) currently operational.
8. On-going collaboration with the National Agricultural Seeds Council (NASC) for the identification of quality seed varieties for strategic NIRSAL Interventions.
9. Distribution of input materials to smallholder farmers across the country under the CBN's Anchor Borrowers' Programme (ABP) and the issuance of credit trade terms to certified input suppliers in the programme.
10. Development of Mapping to Markets (M2M) strategy for connecting the Upstream segment of the agricultural value chain (primary production) to Pre-Upstream input markets and Downstream output markets.
11. Wheat Integrated Agribusiness Project Development (IAPD) model developed to solve the problems along the Wheat value chain from production through milling to markets.
12. Integrated Commercial Livestock Programme (ICLP) model developed to fix and integrate all segments of the Livestock Value Chain. A Pilot project is operational in Yola, Adamawa State.
13. Progressing work on the NIRSAL Integrated Commercial Aquaculture Development Programme (ICAD) and Integrated Agribusiness Project Development (IAPD) for Sesame.
14. Development of Secured Agro-Allied Commodities Transport & Storage Corridor (SATS-C) model to address issues of produce quality and standards, multiple-road taxation, poor produce handling and haulage practices, high post-harvest losses and the emergence of a viable commodity exchange.
15. Implementation of the 2019 Edo Agripreneur Project which achieved approximately a 100% increase in grain yields for rice and maize farmers, and has gone some way in reducing the importation of the staples whilst improving the livelihoods of families.
16. Development of NIRSAL Agricultural Commodity Ecological Areas (ACEAs) which are geographical locations that possess a comparative advantage in terms of optimal climatic, soil, and economic conditions for the production of specific agricultural commodities.

17. Creation of NIRSAL AgroGeoCoops® which involves the aggregation of contiguous farmlands owned by several smallholder farmers who are structured into Agro Geo-cooperatives with financial identities and Virtual Asset Titles (VAsT) created using geospatial technology. The NIRSAL AgroGeoCoop® formation initiative aims at structuring 4 Million hectares of land covering 8 Million smallholder farmers into 16,000 AgroGeoCoops® for the production of 18 priority commodities across NIRSAL's Agricultural Commodity Ecological Areas (ACEAs) in Nigeria.

The mentioned activities and more speak to a total sum of N104 Billion being financing facilitated from multi-sector lenders for agribusiness since NIRSAL's inception to Q1 2020. For clarity, the total amount leveraged by NIRSAL Credit Risk Guarantees and other Agricultural Risk Management Tools & Products is further broken down into the following Agricultural Value Chain activities:



In a bid to further de-risk Nigeria's agriculture industry for investors and financiers, NIRSAL as the Agricultural Finance Risk Management Corporation of the Central Bank of Nigeria has dimensioned the entire Agricultural value chain into four (4) segments: The Pre-upstream, Upstream, Midstream and Downstream.

NIRSAL develops and deploys appropriate de-risking strategies that speak to the entire risk universe as they affect both the agricultural and agriculture finance value chains.

The institution's Managing Director/CEO, Mr. Aliyu Abdulhameed, said that NIRSAL has paid out a total of N4.6 Billion as claims to providers of finance (Deposit Money Banks) on Credit Risk Guarantees that crystallized. An additional N1.4 Billion, he said, has been paid to prudent borrowers as Interest Drawbacks who have found their cost of funds and businesses boosted as a result.

It is important to state that through NIRSAL's work of



*NIRSAL's officials at the premises of Hulhulde Nig. Ltd, Fertilizer Super Agro Dealers in Zaria, Kaduna State, who are beneficiaries of the NIRSAL*

creating a handshake between the finance and agriculture sectors, over 400,000 jobs have been created and 2 million lives positively impacted in the pre-upstream, upstream, midstream and downstream segments of the agricultural value chain, specifically in the areas of agricultural mechanization, input supply, primary production and processing.

Insurance is a critical measure deployed by NIRSAL in managing and mitigating risk. It is an essential component of NIRSAL's five (5) pillars. This Insurance facility is designed to expand agricultural insurance products to hedge against credit risk and increase secure lending across the agricultural value chain.

NIRSAL's goal is to expand insurance uptake by primary producers from 0.5 million to 3.8 million by 2026 and continually develop insurance products that will give financial institutions and Agricultural Value Chain players the comfort they need to lend to the agricultural sector while building the capacities of underwriters.

Prior to NIRSAL's intervention, agricultural insurance in Nigeria was indemnity-based, which only provided

compensation equivalent to farmers' costs of production. Uptake was very low hence the reluctance of private financiers to lend.

Working with technical partners, NIRSAL collaborated with NAICOM and NAIC (who led a consortium of four underwriters) to provide innovative and index-based insurance to protect investments in the upstream segment of the agricultural value chain, particularly those of smallholder farmers. Following the experience of the developed product, NIRSAL is in the final stages of developing the proprietary NIRSAL Comprehensive Index Insurance (NCII) product.

In this regard, the institution is leading a consortium of Agricultural Insurance underwriters to strategically transition their product focus from indemnity-based insurance to Area Yield Index, Revenue Index, Hybrid Index and then to the NIRSAL Comprehensive Index Insurance product. This suite of innovative products does not only provide compensation to farmers based on costs incurred during production but also covers projected earnings.

As at December 2019, a total of 35,160 farmers cultivating 36,347 hectares of land have used the NIRSAL Area Yield Index Insurance product to protect a total harvest value





NIRSAL CRG.

of over N4.77 Billion. Insured farmers who suffered low area yields during the 2019 Wet Season received appropriate compensation.

NIRSAL's Abdulhameed pointed out that even at the maximum cover of 75% credit-risk guarantee on agricultural loans, NIRSAL has maintained a crystallized guarantee ratio of less than 1% only, against a finance industry average of 7.9%. More importantly, the business model of NIRSAL as a corporation has shown remarkable resilience and sustainability in that it has proven to be an astute agricultural finance risk management institution that has demonstrably sustained its operations and preserved and expanded its capital base.

With Agriculture contributing over 29.25% to Nigeria's GDP, it is safe to say that organizations like NIRSAL are positively driving the transformation of the economy through agribusiness.



Stacks of cocoa beans at Agro Traders facility (beneficiaries of the NIRSAL CRG), in Akure, Ondo State



NIRSAL reps with staff of Harvest feed and Agro Processing Ltd (CRG beneficiaries), at their facility in Ajura, Ogun State



NIRSAL's Executive Director, Operations, Kennedy Nwaruh (right), with staff of Plantation Industries Ltd, at their facility in Akure, Ondo State

## NIRSAL, NIMET partner to enhance agricultural operations through provision of agrometeorological data



*L to R: Charles Agbaeze, Board Member, NIRSAL; Aliyu Abdulhameed, Managing Director/CEO, NIRSAL; Prof. Sani Abubakar Mashi, Director General, NiMET and Ahmed Abdu, Esq., Director Legal/Agency Secretary, NiMET displaying the signed MOU*

As part of efforts to further de-risk agriculture and boost productivity, NIRSAL Plc and the Nigerian Meteorological Agency (NiMet) entered a partnership to ensure Nigerian farmers receive timely agrometeorological information and advisory services for application in their operations.

The partnership's focus is on the development of cropping calendars along NIRSAL's priority commodities, creation and development of climate-smart programmes that fall within NIRSAL's Agricultural Commodity Ecological Areas (ACEAs), and the proper dimensioning of climatic & atmospheric events from an agricultural standpoint.

With increasing changes in climatic conditions, weather patterns are continually being altered, bringing about irregularities in the duration of farming seasons and uncertainty in terms of ideal planting and harvesting times. The NIRSAL-NiMet partnership will provide farmers with reliable data that will enhance their seasonal production activities and protect financiers' investments in agribusiness.

The partnership's importance is made all the more pertinent

considering that agricultural activities are time-dependent, with any delays in planting, maintaining or harvesting crops capable of significantly reducing yields and revenues.

Speaking at the Memorandum of Understanding (MoU) signing ceremony between NIRSAL and NiMet at NIRSAL's Head Office in Abuja, NIRSAL's Managing Director/CEO, Aliyu Abdulhameed, revealed that NIRSAL's objective was to support smallholder farmers, not only through finance facilitation, but also through training, financial advisory services, access to technology, and now, through the provision of agrometeorological information which will guide them in their activities.

In Abdulhameed's words, "Nigerian farmers have hitherto practised agriculture based on dated practices; practices that cannot deliver the results required to reposition their incomes and livelihoods. However, with NIRSAL's various technology-driven interventions, and now, with our collaboration with NiMet, we are exposing farmers to new methods which they are embracing. Why? Because these new approaches make financial sense."





*Management Teams of NIRSAL and NiMET in a group photograph after the NIRSAL-NiMET MoU Signing Ceremony*

Abdulhameed expressed confidence in the new partnership, sighting that it would play a vital role in ensuring that Nigerian farmers are better positioned to make informed decisions in terms of planting, harvesting and other weather-reliant agricultural activities. This, he enthused, would certainly aid NIRSAL in realizing its vision of transforming the economy, delivering inclusive growth and impacting lives.

Also speaking at the event, NiMet's Director-General/CEO, Prof. Sani Abubakar Mashi, noted that the partnership with NIRSAL was a perfect fit for NiMet's mandate of promoting the service of meteorology in agricultural activities and provision of meteorology consultancy services.

He added that NiMet would provide the necessary support for NIRSAL to reach as many farmers as possible by designing and developing strategies for disseminating agrometeorological information to the country's farmers leveraging technology.

Mashi assured that NiMet would work with NIRSAL to develop specific cropping calendars in line with the latter's focus commodities and provide the required agrometeorological information in accordance with identified Agricultural Commodity Ecological Areas (ACEAs).

In addition to dividing the Agricultural value chain into pre-upstream, upstream, midstream, and downstream segments, NIRSAL's intervention efforts are focused on select commodities arrived at due to their comparative advantage in terms of industrial demand, export value and consumer demand.

They include 5 Industrial commodities viz Value-added Maize, Soya, Wheat, Cassava and Cotton; 4 Export commodities namely Value-added Hibiscus, Sesame, Ginger and Shea; 3 Consumer commodities in Rice, Irish & Orange-fleshed Sweet Potatoes and High Iron Beans; 2 Controlled Environment Agricultural Commodities including Fresh Fruits & Vegetables and Aquaculture; Integrated Livestock Commodity; and lastly, Value-added Sugarcane & Cashew



## Farm monitoring: NIRSAL adopts Microsoft Azure Farmbeats to boost productivity, minimize risks

Agriculture plays a key role in the development and growth of African economies, contributing to employment and food security. Even though agriculture accounts for an average of 24% of the continent's GDP, there remains a lot of untapped agricultural potential that can be leveraged by increasing farm productivity.

To do so requires investment, but agricultural investment and agribusiness in Africa is a high-risk environment due to irregular rainfall, degraded soils, pests, water scarcity, and more.

The elimination of such risk across the agricultural value chain to foster more sustainable investment into the industry is a key mission objective of NIRSAL Plc.

NIRSAL thus entered into a Memorandum of Understanding (MoU) with Microsoft to collaborate in the deployment of

the Microsoft Azure FarmBeats platform to help Nigerian farmers become more productive, reduce costs, practice sustainable agriculture and achieve better outcomes.

By organising 4 million hectares (owned by 8 million farmers) into 16,000 NIRSAL AgroGeoCoops® of 250 hectares each, NIRSAL aims to remove barriers to better financing for farmers. This will also allow for easier and more affordable deployment of modern technology for AgroGeoCoops®.

NIRSAL has turned to Microsoft Azure FarmBeats as the perfect platform to enable Comprehensive Farm Monitoring which is critical to the NIRSAL Credit Risk Guarantee (CRG) to financiers and investors to minimise the risks associated with agriculture and agribusiness financing.

Microsoft's Azure FarmBeats is a purpose-built, agricultural cloud platform that enables the aggregation of agricultural





data and generation of actionable insights into farm health and conditions, soil moisture, crop layout and farm population by harnessing the power of Artificial intelligence, the Internet of Things, and Cloud technology.

Speaking on the collaboration, Aliyu Abdulhameed, NIRSAL's Managing Director/CEO, said, "Agriculture remains the foundation of Nigeria's economy and is the main source of livelihood for most Nigerians. Therefore, the sustainability and growth of the agricultural sector is crucial for the development of the country and its people. We are certain that Azure FarmBeats will be the tool that will help us to analyse the data being produced from these farms and we are excited about all the possible ways we can use it to stabilise the agricultural value chain and boost the confidence of investors in our mission to eliminate barriers to the free flow of finance and investment to agribusiness in Nigeria."

Also speaking at the signing ceremony was Akin Banuso, Country Manager, Microsoft Nigeria Limited, who said: "Microsoft is excited to be working with NIRSAL to promote precision agriculture in Nigeria by leveraging both the

experience and field structure established by NIRSAL to transform the agricultural space in the country and empower those who work within it by using Microsoft's purpose-built, industry-specific cloud platform FarmBeats to drive innovation in the industry".

Agriculture is one of the longest-standing practices in the world, and yet it remains unpredictable. Farmers use their instincts and experience to know when to plant crops, how much and where, but external and uncontrollable factors can impact the productivity and profitability of farms. This, in turn, can affect a farm's viability and accessibility to funding and investment.

With this partnership, NIRSAL is now able to help farmers analyse weather conditions, temperature, water conditions and so much more in real-time to engender better decision-making and optimise agricultural output thereby lessening the risks to investors and attracting more funding for agro projects.



*Sabo Nanono, Honorable Minister of Agriculture and Rural Development*

## Why Nigeria's agriculture sector is not on lockdown?

Worried that food shortages might pose a national security threat to Nigeria during and post-COVID-19, the federal government excluded the agriculture sector – particularly primary production – from the lockdown imposed on sections of the country. As a matter of fact, stakeholders were directed by President Muhammadu Buhari to assist farmers to deploy for the 2020 wet season farming. The government is determined to insulate the sector from the uncertainty pervading the economy as the COVID-19 pandemic wrecks economic havoc across the globe.

For Nigeria, dense with as yet untapped potentials, situations like this force many to see opportunities in the midst of chaos. The distribution of food-based palliatives to vulnerable members of the population has stretched national and subnational foodbanks to their limits. Gains made in agriculture in the last three years – particularly in rice production – may have been wiped out by a few weeks of economic pause. These are difficult times indeed, especially as the Oil Sector, whose buoyance has meant the neglect of other sectors of the economy, is in peril of its own as vessels bearing Nigeria's oil bob about in the Atlantic looking, hoping for buyers.

Whatever national austerity measures the government adopts post-COVID-19 would be easy to explain and enforce; after all, Nigerians are witnesses to the lockdown of swathes

of Europe and Asia – the staple markets for Nigeria's most important commodity. However, the struggle with palliatives at home reveals what huge market we can innovate for, produce for and sell to before worrying about a tricky global market. In spite of our best efforts in agriculture to date, we have had to rely on contraband rice to feed many who might have been pushed by hunger to undermine the lockdown put in place to combat the spread of the novel coronavirus in Nigeria.

Now heading into an uncertain future, Nigerians are encouraged by the federal government's directive that agriculture should be left operational come what may. Even so, the apprehension of states as COVID-19 infections and deaths rise poses a threat to the country's agriculture momentum. The Minister of Agriculture and Rural Development, Sabo Nanono, is concerned that movement restrictions of people and goods are starting to impact on food processors, traders and logistics providers in the food supply chains, a development that could eventually lead to loss of incomes and jobs which would, in turn, reduce people's ability to buy food and compensate farmers for their production.

Nanono is acutely concerned about restrictions in rural parts of the country where the bulk of Nigeria's agricultural produce come from. Even before the problem of routes to





*Land preparation for Edo Agripreneur Project in Sobe, Owan-West LGA, Edo State*

output markets comes that of impaired access to input markets; while the former would lead to severe post-harvest losses, the latter would render many farmers redundant during the farming season. The ministry of agriculture is on its toes working out solutions that would facilitate the fluidity of food supply chains in the country. While they are at it, other stakeholders such as the Nigeria Agribusiness Group (NABG) have equally been assessing the impact of COVID-19 on national food security. They noted, as did the agriculture ministry, that the path to farms for farmers and extension workers is rigged with the lurking possibility of arrests and prosecution under emergency state laws.

At NABG's forum in April, the National President of Nigerian Women Agro Allied Farmers Association (NIWAAFA), Lizzy Igbine, predicted that acute hunger would be hot on the heels of the coronavirus if concrete steps are not taken soon to ensure that food production continues. Fertilizers from Rivers State bound for production zones in the North and produce bound for processing zones in Lagos are some of the many zigzag movements that must remain unhindered if Nigeria is to avert a food crisis. As food banks are emptied now under the current emergency, only intense farming activities on a never-before-seen scale can replenish our national stores. State executives and law enforcement agents must take the President's directive to heart and aid agriculture on its way.

A developed, dedicated route for agricultural commodities has been on the wish list of many farmers in Nigeria. If it would take a national awakening triggered by COVID-19 for stakeholders to seriously consider this, then something good could come out of 2020 after all. The status quo seems to be made tolerable by the sheer hard work and determination of Nigerian farmers. Even though they lose up to half of their produce to the gaps in infrastructure, they keep producing, just to make it to the market with something. Consider that for every basket of fresh tomatoes in the local market, the farmer produced two. One doesn't make it to the market. Could COVID-19 lead Nigeria to vehemently pursue food security in a real sense?

Months ago, though the coronavirus was gradually making its way from Asia to Europe and America, it didn't factor in Nigeria's fiscal and real economic arrangements. Even when it made landfall in Nigeria, the impact it was going to have on the domestic economy was utterly unknown. We have learnt that distant trouble can close-in rapidly. If that is the case, Nigeria must also keep an eye on developments in East Africa where armies of locusts are feasting on the hard work of farmers and jeopardizing food security in several countries. Because it has 200 million mouths to feed, Nigeria's agriculture is not on lockdown; that number could yet rise based on the estimated 200 billion locusts eating through Kenya as reported by the BBC.

# AFAN's Role in Working The NIRSAL Agro Geo-Cooperative® Model



*On-going land preparation in Doma LGA, Nasarawa State*

Being that NIRSAL's Agro Geo-Cooperatives initiative was conceived to address the issue of scattered and unstructured farmers, which is a stumbling block to the sustainable financing of agricultural primary production in Nigeria, many opportunities can emerge from a possible partnership between NIRSAL and the All Farmers Association of Nigeria (AFAN)— the apex association for all farmers in the country. For one, where one farmer's voice is not loud enough for finance to take note, the voices of many will certainly do the magic. Nor does it end there; where one farmer defaults on their loan, their cross-guarantors can step in.

The risk of default is indeed a deterrent for banks in lending to, particularly, smallholder farmers; but that isn't the first hurdle. Smallholder farmholdings are simply not sizeable enough to stir bank officials and have them take as little as a look. Hence, the Agro Geo-Cooperative as a model ensures that NIRSAL is not just a guarantor for agro loans but, very importantly, too, a facilitator of same. By structuring farmers and their farmlands and crowding multi-segment actors around significantly-sized production projects, NIRSAL makes a clear business case to providers of finance.

The Agro Geo-Cooperative model has already been tried in

different locations, including Edo State with the Agriprenuer Project for the production of rice and maize. All around the country, more geo-cooperatives are coming together with the assistance of NIRSAL's field staff. As this idea penetrates the hinterlands, a strategic partnership between NIRSAL and AFAN can accelerate it and make it nationally operational in little time. Wherever credits for the innovation go, the most important thing remains the profits that go to farmers, and the returns for investors.

As a national association, AFAN is led by a national president that is assisted by a National Executive Committee (NEC) and a National Working Committee (NWC). Consequently, each of the 36 states of the federation is led by a state chapter chairman, and Local Government chapters are led by a Coordinator and a Team of Executive Committee member as Coordinators. Further down, there are wards and subdivisions of the Local Governments which are also headed by Ward Leaders. This pre-existing structure can provide the conduit needed to blood Nigeria's farmers into this new paradigm quicker, and to return feedback for any necessary tweaks and adjustments.

The Agro Geo-cooperatives model will portray agriculture





*Sensitization of farmers on NIRSAL's Agro Geo-Cooperative model in Yola, Adamawa State.*

as key to long-term economic growth and security—stimulating policy instruments to ensure that the commercialization of agriculture includes appropriate attention to technologies, financial services, input supply chains and market linkages that directly engage poor rural farmers. By taking this approach, rural economies will blossom, and the maxim “Keeping Africans in Africa” will start becoming a reality in microcosms. At the national level, there would be massive job creation, economic diversity, improved security and sustainable economic growth.

Building complex linkages between value chain stages will be an important part of the ecosystem that will drive sustained prosperity for the smallholder farmers in Agro Geo-cooperatives. AFAN's commodity associations can help to define value chain requirements that will inform pro-enterprise development policies across successive stages of the commodity value chains for the development of the crop, livestock and fisheries sub-sectors. These stages include input supply, production, storage, processing/ utilization, marketing and consumption.

Wherever NIRSAL succeeds with the implementation of the Agro Geo-cooperatives model, AFAN will gain greater power to negotiate for more access to funds, services and markets for its members. As such, the model would provide AFAN with greater visibility and relevance as a business association due to its large membership and

governance structure which starts from the national level and reaches down to ward levels. Within this structure, smallholder farmers can share resources for production and market their produce collectively, gaining a vital role in market price making.

As governments at all levels are wont to consider population, the volume of economic activities, adjoining communities, etc before siting roads, the presence of Agro Geo-Clusters or Geo-Cooperatives, make a good case for rural communities. Farmers in geo-cooperatives can also demand other infrastructures like irrigation schemes and markets as a block. Evidently, an agro geo-cooperative can be a catalyst for comprehensive community development and a source of pride for any government.

NIRSAL's Agro Geo-Cooperatives model also promotes the prompt dissemination of weather information, best agronomic practices and financial literacy training materials. With AFAN's structure, this flow of vital information can be enhanced across the country as it is critical to ensuring agribusiness success. NIRSAL's partnerships are a source of guidance for farmers in the fields, as the organisation serves as a conduit for direct products and by-products of multisector institutions that are relevant to agriculture and agribusiness.



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

De-Risking Agriculture ■ Facilitating Agribusiness

[www.nirsal.com](http://www.nirsal.com)

## CALL FOR ENROLLMENT

### THE NIRSAL PLC AGRO GEO-COOPERATIVE® FORMATION PROCESS :

**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, 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® 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.

Pursuant to achieving the above 4million hectares objective, the following farmland aggregation structures are being created across the country:

I. AgroGeoCoop Cell ®	10 hectares
II. AgroGeoCoop 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

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:

- 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.**

[f](#) [in](#) [t](#) [@](#) [nirsalconnect](#)



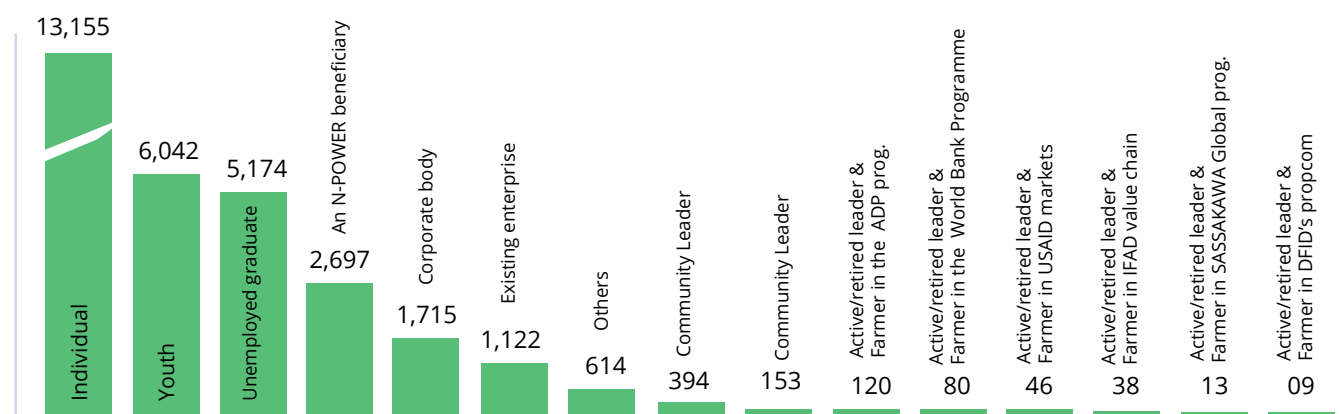
# Nationwide enthusiasm greets the NIRSAL Agro Geo-Cooperative® as thousands of cooperatives, farmers sign up



*On-going Agro Geo-cooperatives enrollment in Doma LGA, Nasarawa State*

NIRSAL's quest to crowd 8million farmers cultivating 4million hectares of land into 16,000 Agro Geo-cooperatives is progressing remarkably. Three months on from calling on individual farmers and farmer groups to enroll in the Agro Geo-cooperatives model, more

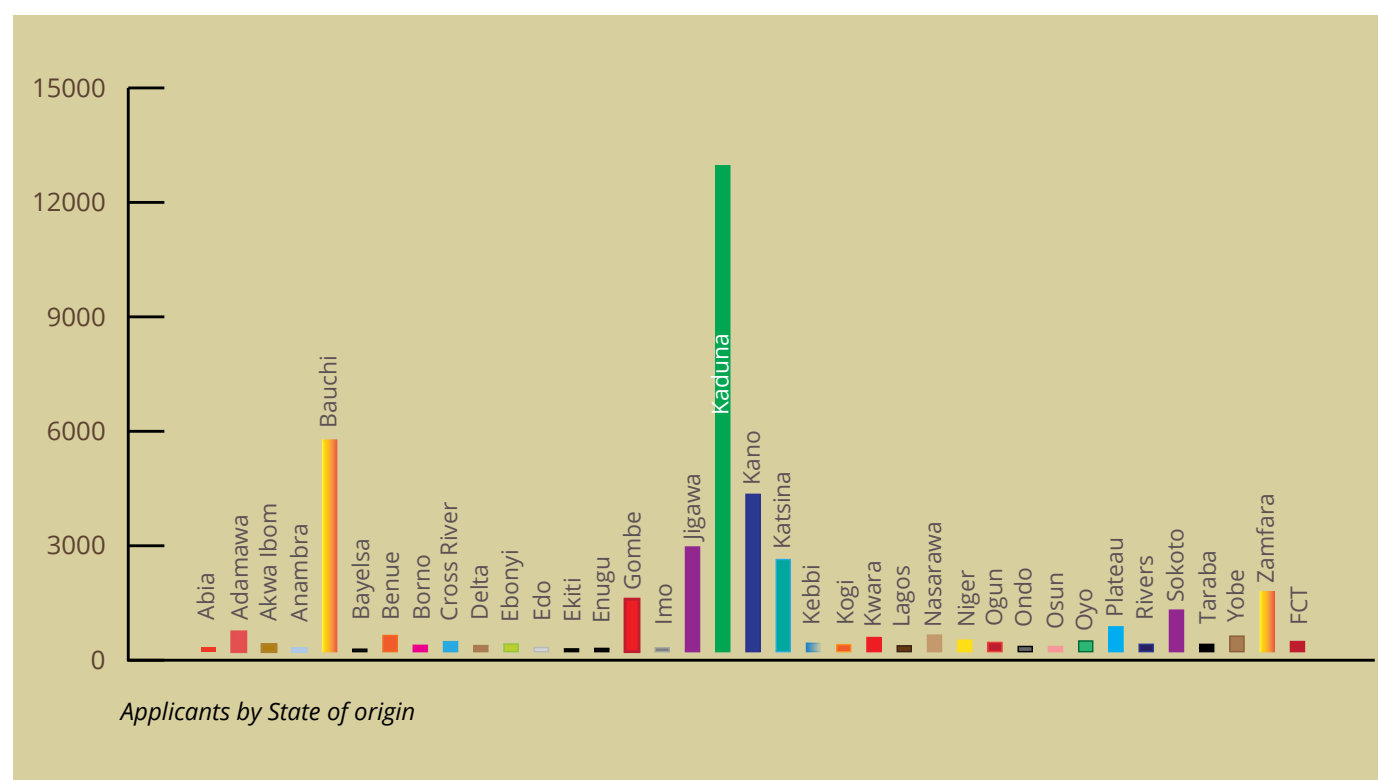
than 50,000 entries have been recorded. Amongst the entrants are individuals, beneficiaries of the Federal Government's N-Power scheme, unemployed graduates, corporate bodies, existing farmer groups, and retired farmer group leaders.



AGC Applicants

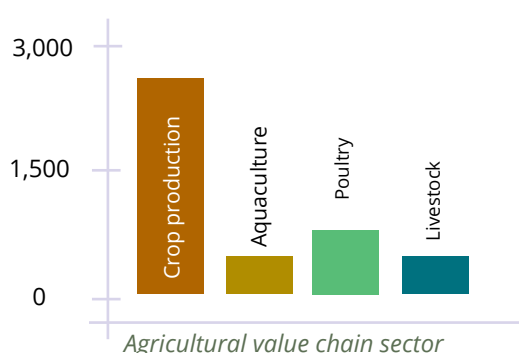
Recall that NIRSAL began making calls for enrollment in its Agro Geo-cooperatives model in several national dailies three months ago, on the premise that Nigeria's post-COVID-19 economy requires such a structured approach to agricultural primary production that would increase the flow of finance and investment into the sector and, consequently, boost local production, retention and transmission of value. The model will bring farmlands within the same geographic location together in Agro Geo-cooperatives of 250 hectares each where the investment required to activate production projects is sizeable enough for banks to take an interest.

So far, the highest number of respondents have come from Kaduna, Bauchi, Kano, Jigawa, Katsina, Zamfara, Plateau, Benue and Nasarawa States, with the FCT also accounting for a high return of entries. Unsurprisingly, entries from Borno have been low, while Bayelsa's numbers suggest that some people still believe that NIRSAL's Agro Geo-cooperatives model concerns crop farmers only. While a resolution to adopt more specialized engagement approaches for potential enrollees in states with high security challenges is being considered, riverine states are again urged to enroll considering their potentials for aquaculture, to which basic geo-cooperative principles also apply.



Encouragingly, only 60% of enrollees showed interest in crop value chains – rice, cassava, maize, soybeans, etc; poultry and aquaculture have 23% and 8% respectively, as the workability of virtual geo-cooperatives continues to resonate with respondents. Some enrollees are either undecided about their commodity value chains of interest or are not currently active farmers. These would be aided by

NIRSAL's Agricultural Commodity Ecological Areas (ACEAs) maps that give guidance on the best commodities to cultivate in specific locations across the country. The livestock value chain, important not just for its high economic value but also for its relevance to social cohesion and security, has overcome a slow start and is growing steadily.



Where obvious constraints in the aggregation of contiguous 250-hectare geo-cooperatives exist, there are lower considerations in the shape of geo-cooperative Blocks of 50 hectares and Cells of 10 hectares. This consideration has so far opened a vital window for many enrollees given that only 3% of entries received have the 250 hectares required to form one NIRSAL Agro Geo-cooperatives. With continuous training of farmer groups in social engineering techniques,



geo-cooperative cells and blocks can grow steadily into bigger sizes as farmers reach out to and onboard their neighbours.

According to the head of NIRSAL's Agricultural Extension and Field Services unit, Adamu Ibrahim, the responses gotten so far reveal that the part of NIRSAL's objectives concerned with driving job creation for women and youth is being met with the Agro Geo-Cooperative model. The statistics show that women are the most engaged farm hands, yet their limited education precludes them from holding leadership positions in farmer groups. Targeted training for women in rural communities will help in addressing this problem and expose women to leadership opportunities across commodity value chains.

As entries continue to pour in, Adamu lays emphasis on the need for farmers to know the coordinates of their farmlands as a way of knowing their equity contributions to the geo-cooperatives to which they belong. After the Know Your Land (KYL) obligation, the next is Know your Neighbour (KYN) since a single farmer cannot form an AgroGeoCoop. As enrollees continue to heed these clarifications, the mission to cover Nigeria's agricultural landscape with structured primary production assets has effectively begun. At the completion of necessary documentation and training, each AgroGeoCoop® becomes a magnet of value from the Pre-Upstream segment of the agricultural value chain and a giver of value to the Midstream and Downstream segments.



*Aquaculture: Mapping of cage culture and earthen ponds at Epe Lagoon, Lagos State*



# House of Reps' committee on public accounts lauds NIRSAL's Managing Director, backs corporation in its agribusiness transformation mandate



*The Green Chamber of the Nigerian Legislature*

The National Assembly is full of praise for Aliyu Abdulhameed, NIRSAL's Managing Director/CEO, for his efforts in positioning the risk-management agency as the driver of agricultural development in Nigeria.

The commendation came during a visit by NIRSAL and its Management to the Public Accounts Committee of the National Assembly whose Chairman, Honourable Oluwole Oke, expressed his pride in NIRSAL's Managing Director, adding that NIRSAL had now found a friend in the shape of the National Assembly.

Other committee members described Abdulhameed as a round peg in a round hole and a man of undoubted capacity. They also congratulated NIRSAL for its commendable performance in terms of agribusiness

financing, opining that other agencies should learn from NIRSAL's due diligence.

In his remarks to the Committee, Abdulhameed gave an in-depth analysis of the rationale behind the creation of NIRSAL and its importance thereof; NIRSAL's mandate, and the agency's transformative achievements in Nigeria's agribusiness space.

Prior to the creation of NIRSAL, financiers were averse to lending to agriculture, citing perceived high risks in the sector, especially in the upstream segment of the agricultural value chain where primary production takes place; often referred to as the "black hole" in agriculture.

In response to these concerns and as part of efforts to diversify Nigeria's economy from crude oil-dependence,



the CBN formulated NIRSAL to catalyse the flow of much-needed financing into Agriculture by redefining, measuring, re-pricing and sharing agribusiness-related credit risk with financiers.

Abdulhameed noted that the CBN, in its foresight, established NIRSAL as a Public Liability Company registered under the Companies and Allied Matters Act. This gave financial institutions more confidence and ease to do business with NIRSAL as opposed to the limited transactions they could enter into with public sector institutions and the legal complexities therein.

In terms of NIRSAL's mandate, Abdulhameed informed the Committee that the agency is built on five broad pillars of Risk Sharing, Insurance, Technical Assistance, Incentives and Rating. These strategic pillars are geared towards increasing bank lending to the agricultural sector by over 6% in the short to medium term, hence, bridging the gap between the finance and agricultural sectors.

Principally, NIRSAL is facilitating finance to agriculture through its Credit Risk Guarantee (CRG). Through the CRG, NIRSAL shares either 30%, 50%, or 75% of agribusiness-related risk with financiers depending on the agricultural value chain segment receiving finance.

Through the NIRSAL CRG, NIRSAL has attracted investment into agribusiness and guaranteed 693 agribusiness loans worth USD502.4Million, paid NGN1.92Billion Interest Draw Back to 266 obligors, creating over 400,000 direct jobs and impacting over 2,000,000 lives in the process.

In terms of insurance, NIRSAL has developed and launched the Area Yield Index Insurance (AYII) product and protected up to NGN6.47Billion in revenues of 35,492 farmers over 37,399 hectares of land with NGN122Million paid out in compensation to farmers.

Furthermore, Abdulhameed pointed out that NIRSAL has facilitated the granting of licenses to five insurance companies by the Nigerian Agricultural Insurance Corporation (NAIC) to underwrite index-based Agricultural insurance.

Leveraging on its Technical Assistance pillar, NIRSAL builds the capacity of financiers and agricultural value chain operators on agricultural lending and Good Agronomic

Practices (GAP) respectively. Accordingly, NIRSAL has trained 1,221 middle Management and Agric Desk Officers of commercial banks and provided training on GAP to 700,000 farmers and 74 Extension Workers.

Continently, NIRSAL has overseen the establishment of Risk Sharing Facility (RSF) models for African Countries under the aegis of the African Development Bank (AfDB), and recently, concluded the setup of the Togo Incentive-Based Risk Sharing System for Agricultural Lending (TIRSAL), known locally as Mécanisme Incitatif de Financement Agricole Fondé sur le Partage de Risques (MIFA).

Other African countries have also sought NIRSAL's guidance on how to set up similar agribusiness risk-sharing models. They include Ghana and Benin among others.

The committee has also tasked NIRSAL on tackling the issue of postharvest losses by strengthening commodity exchange systems in which farmers can trade their commodities round-the-clock.

Coincidentally, NIRSAL recently partnered with Wema bank and Cellulant for the development and deployment of a commodity financing model designed to link smallholder farmers in the upstream segment of the value chain to community-based produce aggregators, and commodity buyers servicing the downstream segment.

Based on the success of the deliberation, the Committee has recommended a workshop whereby NIRSAL will enlighten both the Senate and House of Representatives who will, in turn, educate their constituents, and by extension, all Nigerians, on NIRSAL's operations for smallholder farmers continued benefit and poverty alleviation.

# MIFA still going strong two years after its establishment



*L to R: Innocent Azebeokhai, Head, Travels, Events and Protocol, NIRSAL; Sherifdeen Salawu, Principal Manager, Agricultural Value Chain Integration, NIRSAL; President Faure Gnassingbé, President of Togo and Dr. Maryam Yusuf, Assistant General Manager, Loans Management and Recovery, NIRSAL at the Presidential Unveiling Ceremony of TIRSAL (now MIFA) in 2018*

Much to NIRSAL's admiration, Togo's financing mechanism for agriculture, Mécanisme Incitatif de Financement Agricole Fondé sur le Partage de Risques (MIFA), has celebrated its second anniversary. It did so whilst reporting some remarkable accomplishments that include the distribution of more than XOF14 billion to 144,000 actors – who are predominantly farmers – in Togo's agriculture sector since its inception. Amongst the 10 channel partner banks that MIFA works with is Ecobank who has also been equally responsive to NIRSAL's agricultural financing paradigm in Nigeria.

Recall that in June 2018, President Faure Gnassingbé sought and got NIRSAL's help to replicate its incentive-based, risk sharing system for agricultural lending in the country for the purpose of boosting her economy through an optimized agriculture sector. At the time of its establishment, Togo's replica of NIRSAL was called Togo Incentive-Based Risk Sharing System for Agricultural Lending (TIRSAL), an appellation which was later translated to French but whose meaning remains the same.

MIFA's viability has attracted the partnership of institutions like the AfDB, IFAD, and the Khalifa Fund, whose support has helped it to structure sustainable markets worth XOF124 billion in upstream and midstream segments across the country's agricultural value chain. As a result, over 160,000 direct and indirect jobs have been created to improve the West African nation's comparatively healthy 1.67% unemployment rate.

Clearly, these two impactful years have prepared MIFA for a crucial role in Togo's response to the economic ravages brought on by the COVID-19 pandemic. Within its sights is a target of reaching 400,000 agricultural value

chain actors with XOF50 billion for inputs, transportation of commodities and other logistics. And at a time when millions around the world are losing their jobs, MIFA wants to create 450,000 jobs in the second half of 2020 to help the government put the country in good footing for an uncertain future.

Since its creation to date, NIRSAL has catalysed finance and investment valued at over NGN122.7billion to agricultural value chains through its various products, programs and interventions. While working to grow its numbers, NIRSAL remains open to helping continental governments set up similar vehicles for agricultural transformation, food security, job creation and economic development. At the very least, these institutions would help in the establishment of structures that give actors in the agricultural value chain the impetus to create value, and owners of finance the confidence to invest; structures that would safeguard neighbour economies against smuggling, dumping and all such hazardous economic activities.

NIRSAL's Managing Director/CEO, Aliyu Abdulhameed, a recipient of Togo's Grande Chancellerie De L'Ordre Du Muno award from President Gnassingbé, believes that no time is better than now for especially sub-Saharan African nations to set up agricultural financing initiatives similar to NIRSAL. In his estimation, the COVID-19 pandemic is a challenge to Nigeria in particular and agrarian African nations, in general, to pursue self-sufficiency in food production and processing. After all, as international borders remain shut on account of the virus, only governments with local abilities to feed their people can guarantee the social order, security and the general state of calm required to wait out the worst of this economically debilitating epoch.



# FAQs

## **Does NIRSAL give loans?**

NIRSAL does not give loans, rather it guarantees bank loans given to projects in Nigeria's agricultural sector.

## **Do I require collateral to get a loan backed by NIRSAL's Guarantee?**

ANSWER: NIRSAL does not alter the loan processes of banks; however, it facilitates lending to agriculture through its Credit Risk Guarantee (CRG) – a mechanism that encourages banks to take on more lending to agriculture trusting that accruing risks are shared by a capable institutional partner.

## **Asides guaranteeing agricultural loans, what else does NIRSAL do?**

A lot. However, everything NIRSAL does flows from the credit guarantees it gives. Whenever NIRSAL exposes its balance sheet in guaranteeing a project, the immediate and remote elements critical for the project's success must be addressed. They include: training/capacity building – derived from NIRSAL's Technical Assistance pillar; coverage with innovative insurance products – derived from the Insurance pillar; as well as project monitoring and control. Additionally, in order to spur a proactive disposition to agriculture amongst all stakeholders, NIRSAL has the Rating and Incentives pillars for rating institutional response to agribusiness and incentivizing good corporate behaviour accordingly.

## **Where can we find NIRSAL's offices?**

NIRSAL has offices in all 36 states of the Federation and the FCT which makes it an organisation for Nigeria and all Nigerians. Find our office nearest to you, and engage our people with your agribusiness projects.

## **NIRSAL focuses only on the North. Why?**

NIRSAL does not focus only on the North. Two factors negate the notion that NIRSAL focuses only on the North. The first is that NIRSAL focuses on 15+ agriculture commodities, some of which grow best outside the North. The second is that NIRSAL leverages Nigeria's geographical endowments through what is termed Agricultural Commodity Ecological Areas (ACEAs). These two factors necessitate that NIRSAL's field of work is nationwide.

## **Is NIRSAL a custodian for Federal Government money meant for farmers?**

No. NIRSAL's core mandate is to facilitate the flow of finance and investments from banks (private sector) into the agriculture sector to bring about the sustainable growth of the sector and enable it to contribute more significantly to Nigeria's GDP. To accomplish this mandate, NIRSAL is equipped with a USD500 Million capital with which to share agribusiness-related credit risks, support the development of innovative agro-insurance products, provide technical assistance to value chain actors, rate and incentivize participants in this agricultural financing "revolution".

## **What do NIRSAL's PMROs do?**

NIRSAL's Project Monitoring, Reporting and Remediation Offices (PMROs) are located in all 36 states of the federation and the FCT to keep tabs on NIRSAL-supported projects in the field, relate with NIRSAL's stakeholders across the country and originate NIRSAL-type deals from the field for consideration, analyses and approval.

## **How can I access NIRSAL loan or facility as a smallholder farmer?**

Smallholder farmers operating individually hold little or no attraction for banks and other financiers. NIRSAL's approach is the AgroGeoCoop® model that aggregates hundreds of smallholder farmers, making out of them a single large entity that is attractive to the world of finance. Therefore, to obtain bank loans through NIRSAL as a smallholder farmer, one must be socially engineered to belong to and operate from an Agro Geo-Cooperative.

## **What is an Agro Geo-Cooperative?**

The NIRSAL AgroGeoCoop® is the coming together of smallholder farmers bound together by geography to take on the production of single commodities such that economies of scale can be leveraged for higher productivity and returns for all involved.

# FAQs

## What are the farmland sizes for the formation of Agro Geo-Cooperatives?

	GEO COOPERATIVE TYPE	FARMLAND SIZE
1	Plots	0.5 – 1Ha
2	Agro Geo-Cooperative Blocks	10Ha
3	Agro Geo-Cooperative Cells	50 Ha
4	Agro Geo-Cooperatives	250 Ha
5	Micro Agro Geo-Clusters	500 – 2500 Ha
6	Small Agro Geo-Clusters	2500 – 5000 Ha
7	Medium Agro Geo-Clusters	5000 -7000 Ha
8	Large Agro Geo-Clusters	7500 – 10,000Ha
9	Mega Agro Geo-Clusters	20,000Ha + multiples of 10,000Ha

## Why is it necessary to form Agro Geo-Cooperatives?

Agro Geo-Cooperatives create large pockets of agricultural production farmlands that provide access to appropriate inputs and services, equipment and technologies, skills and technical assistance, finance and investments for optimised production in order to be able to serve identified domestic consumer, industrial and export markets.

## How does NIRSAL mobilize farmers for Agro Geo-Cooperatives?

Mobilisation of farmers for geo-cooperative formation is carried out using social engineering and field communication strategies including engagements with community leadership structures. NIRSAL also leverages partnerships with existing projects and programs of organisations such as IFAD, USAID, WB, FMARD, etc. for systematic geo-cooperative formation.

## How are Agro Geo-Cooperatives formed?

Geo-cooperatives are formed within validated Agricultural Commodity Ecological Areas (ACEA) for specific 5-4-3-2-1 commodities based on Areas of Responsibilities delineated by the Field ICT Business Unit within Direct Interaction Zones (DIZ) (arable land falling within 50km radius of city boundaries (State Capitals)) or Indirect Interaction Zones (IIZ) (arable land beyond the DIZ).

## What are the other requirements for the formation of Agro Geo-Cooperatives (for the creation of Virtual Asset Titles)?

ANSWER: Geo-cooperative formation also entails field digitization and documentation of geo-coordinates of individual farm plots (Know-Your Farm (KYF)), Farmer data including Bank Verification Number (BVN) Enrolment/ Validation (Know your Customer) and mapping of farmer data to productive asset data for the creation of Virtual Asset Titles (VAsT).

## Who appoints field governance leaders?

Field Governance leaders are democratically appointed by the farmers under NIRSAL's facilitation at block, cell, geo-cooperative and cluster levels.

## What is the responsibility of the field governance leaders in the formation of Agro Geo-Cooperatives?

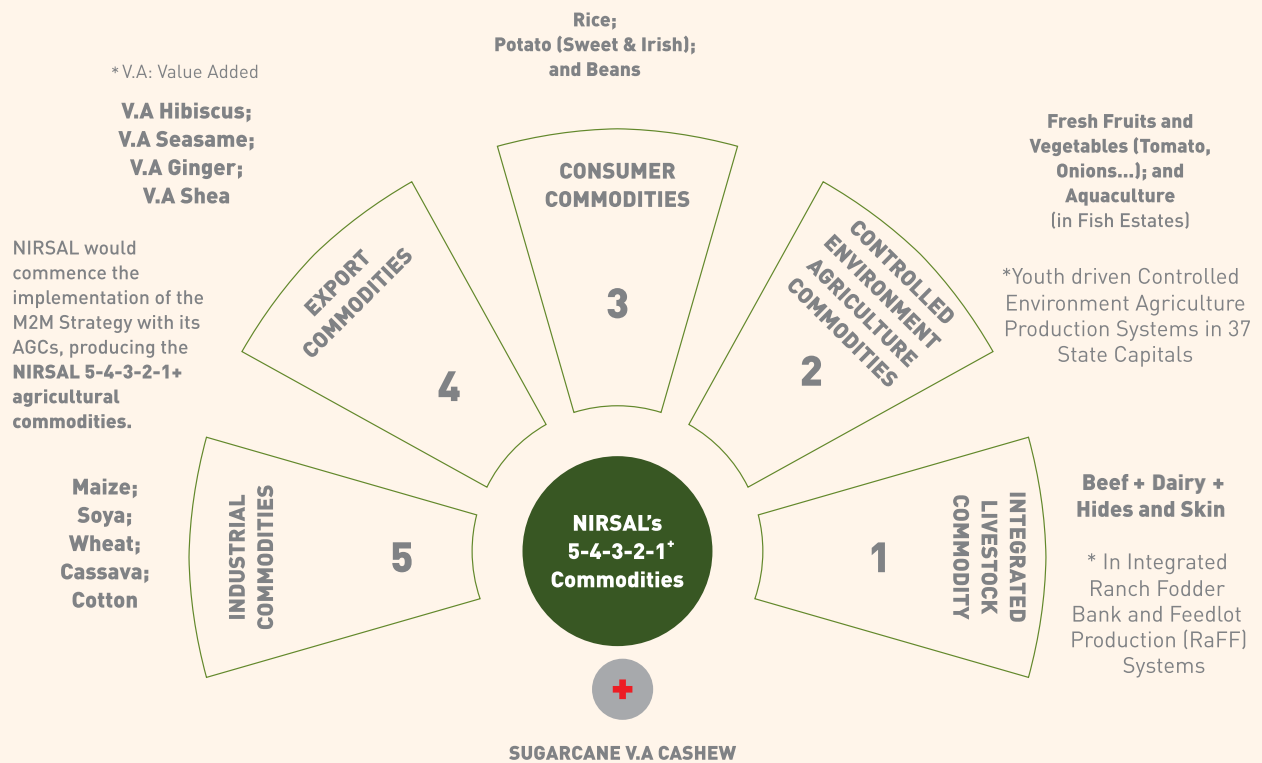
These leaders have responsibility for further social engineering, team management, delivery of step-down training, information cascade, produce aggregation oversight, etc.

## What are the field and governance structures?

	FIELD STRUCTURE	FIELD GOV. STRUCTURE
1	Geo Cluster Level	President Vice President /Secretary Finance Director
2	Geo Cooperative Level	President Vice President /Secretary Finance Director
3	Cell Level	President Vice President /Secretary Finance Director
4	Block Level	President



# NIRSAL's 5-4-3-2-1<sup>+</sup> Focus Commodities



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