

AGRICULTURAL DEVELOPMENT: OPTIMISING THE VALUE CHAIN

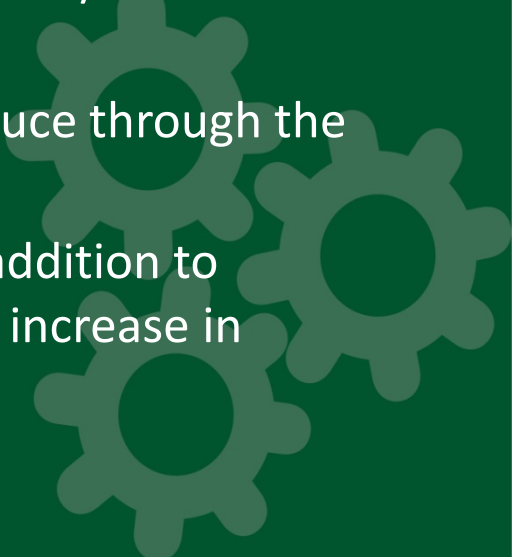
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A value chain is a connected string of companies, groups and other players working together to satisfy market demands for a particular product or group of products



Introduction

- Bank of Industry's strategy for agricultural value chain financing is premised on a tripod of 'input, output and outcome' approach. This is to engender maximum impact in terms of massive employment creation at the bottom. The current focus is on five (5) crops and one (1) animal production namely cassava, cotton, rice, tomato, palm oil and cattle.
 - **Input:** This would be through the financing of out-growers/rearers that would ring-fence major processors.
 - **Output:** Job creation, and market for the primary produce through the processors.
 - **Outcome:** Wealth creation, poverty alleviation, value addition to primary produce, utilisation of local raw materials and increase in contribution of agric to GDP.
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Transforming Agro-economy

- Nigeria's agro-economic transformation requires shift from:-
 - Primary to manufactured products
 - Traditional technologies to modern technologies and innovation
 - Comparative advantage to competitiveness
 - Production to market orientation



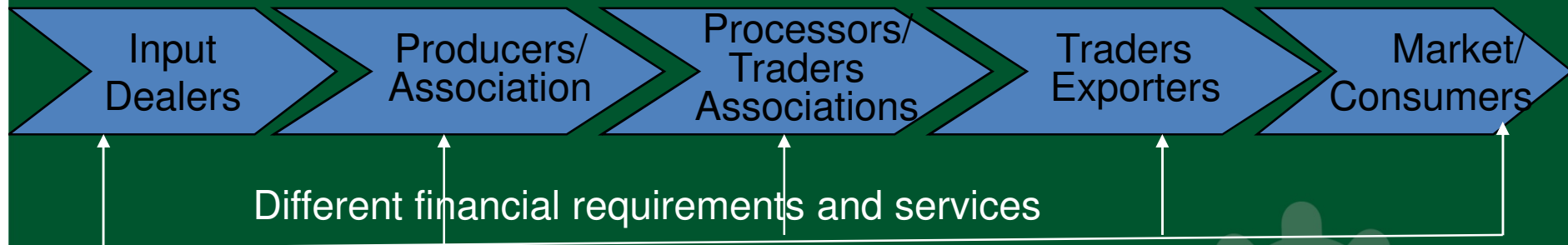
Strategy for Transformation

- Create an enabling business environment
 - Infrastructure and Energy
 - Finance and services
 - Technical assistance
- Promote and facilitate PPP
- Strengthen innovations system and commercialize research findings
- Acquire and adapt new technologies



Value Chain Finance

Demand for financial services



Financial Products and TA

- Venture Capital
- Credit lines
- Export finance
- Ware house receipt
- Insurance
- Etc.

TERM

- Medium (Working Capital Support)
- Long (Plant & Machinery)



Strategy for Value Chain Financing

- Identify priority market demanded products for 6 main products
 - E.g. Cassava, Cotton, Rice, Tomato, Palm Oil and Livestock (Cattle)
- Decide on growth poles for value chain development:

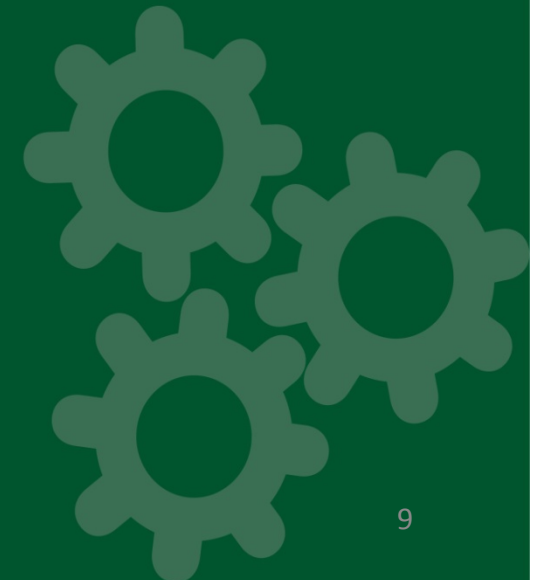
Strategy for Value Chain Financing

The states with comparative advantages in the identified crops/livestock are as follows:

S/No.	Products	States
1.	Rice	Ogun, Ondo, Ekiti, Ebonyi, Cross River, Bayelsa, Enugu, Adamawa, Niger Kebbi, Benue, Kogi, Kano and Kwara
2.	Tomato	Sokoto, Gombe, Yobe, Kano, Benue
3.	Cassava	Nassarawa, Niger, Kogi, Kwara, Oyo, Ondo, Osun, Ekiti, Edo, Delta, Rivers, Imo, Enugu, Anambra, Cross River and Akwa Ibom
4.	Cotton	Katsina, Kaduna, Zamfara, kano, Bauchi, Jigawa, Gombe, Yobe, Taraba, Adamawa, Kwara, Ogun Ondo and Oyo.
5	Palm Oil	Imo, Rivers, Cross River, Edo, Ondo, Osun, Kwara and Ekiti
6	Cattle	Across Northern States and South West

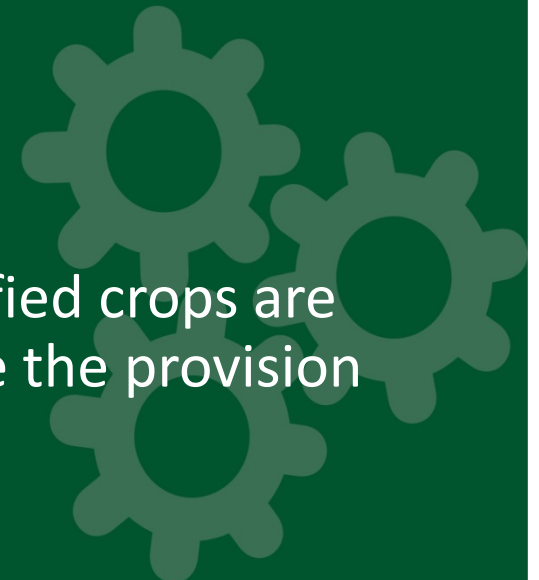
Strategy for Value Chain Financing

- **Formulate value chain development vision for each priority product**
 - E.g. In 3 years substitute 50% of tomato paste imports by value with locally produced & processed tomato paste
- **Develop comprehensive intervention programme**
 - Technical assistance
 - Finance
 - Policy and institutions
 - Infrastructure (PPP)



Criteria for selecting growth poles

- Agro-ecology suitability
 - Soil, water, climate, etc.
- Existing support infrastructure
 - Processing facilities
 - Irrigation/dams
 - Roads/railway
 - Power
 - Logistics (warehouse, silos, etc.)
- The governments of the states where the identified crops are produced have been engaged by BOI to facilitate the provision of the above facilities.



Criteria for selecting growth poles

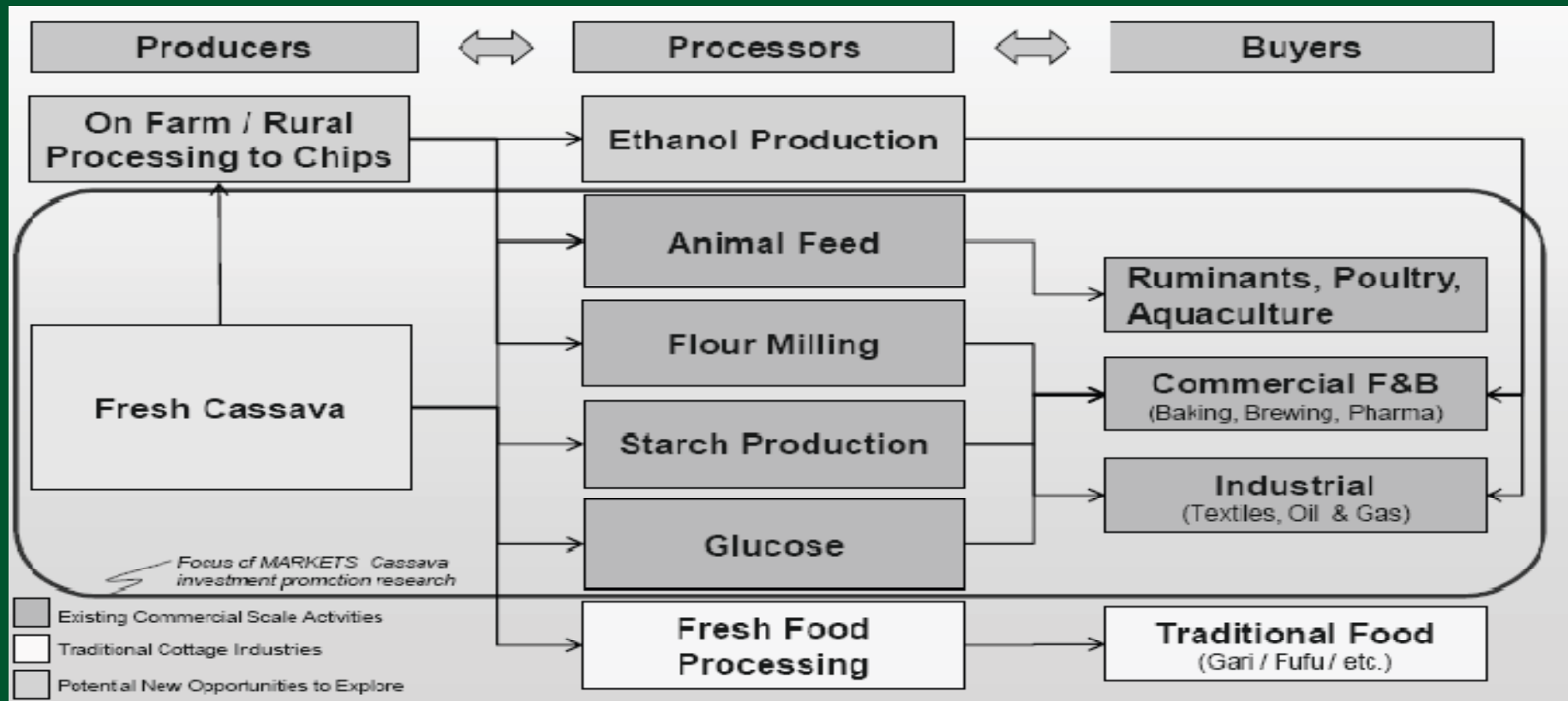
- **Market and Market size**
 - Domestic/international
 - Demand size
 - Access to preferential market
 - ECOWAS, AGOA
- **Support Institutions**
 - Research, Extensions
 - Financial services
- **Ease of doing business**
 - Security
 - Policies and incentives



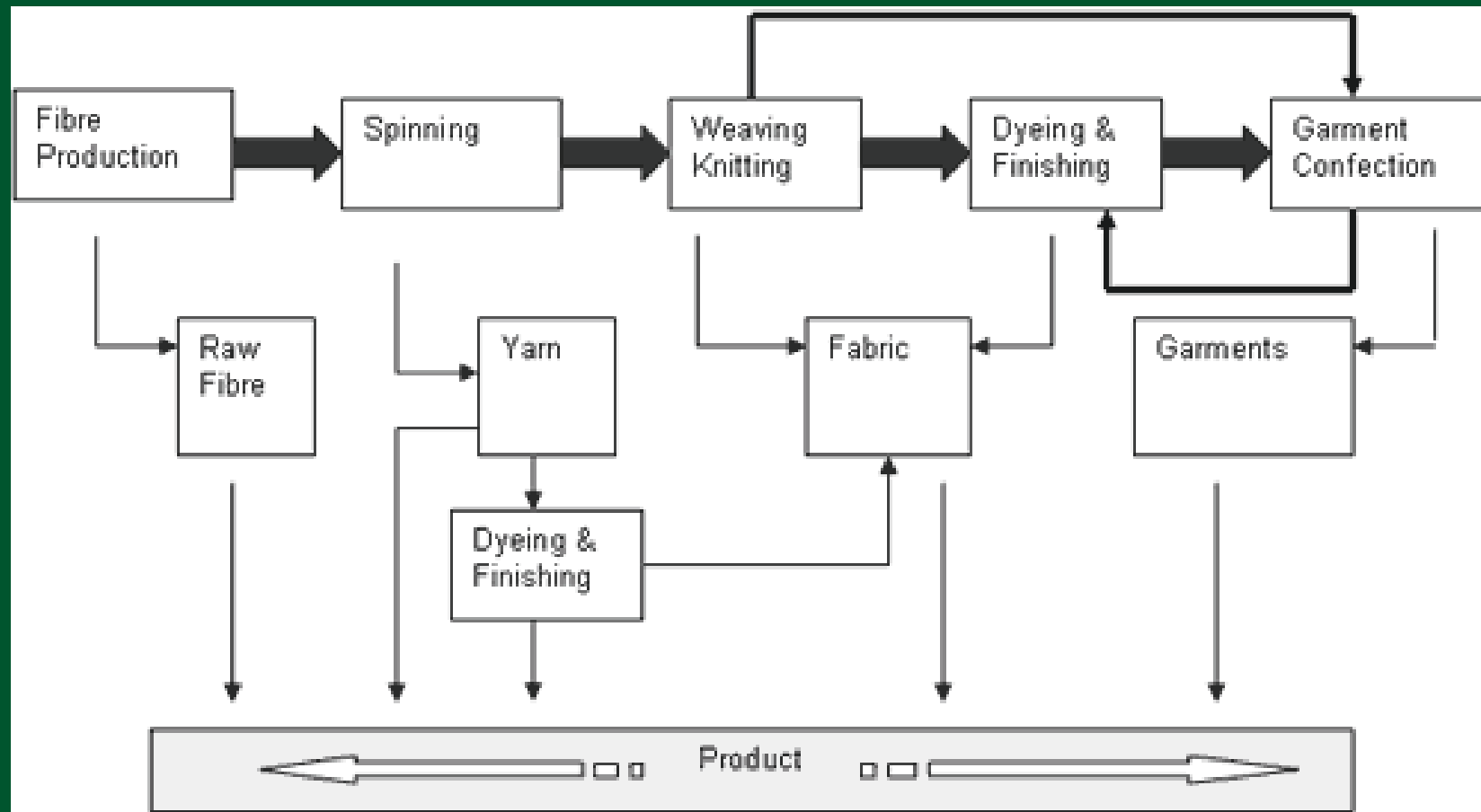
Value Chain Examples



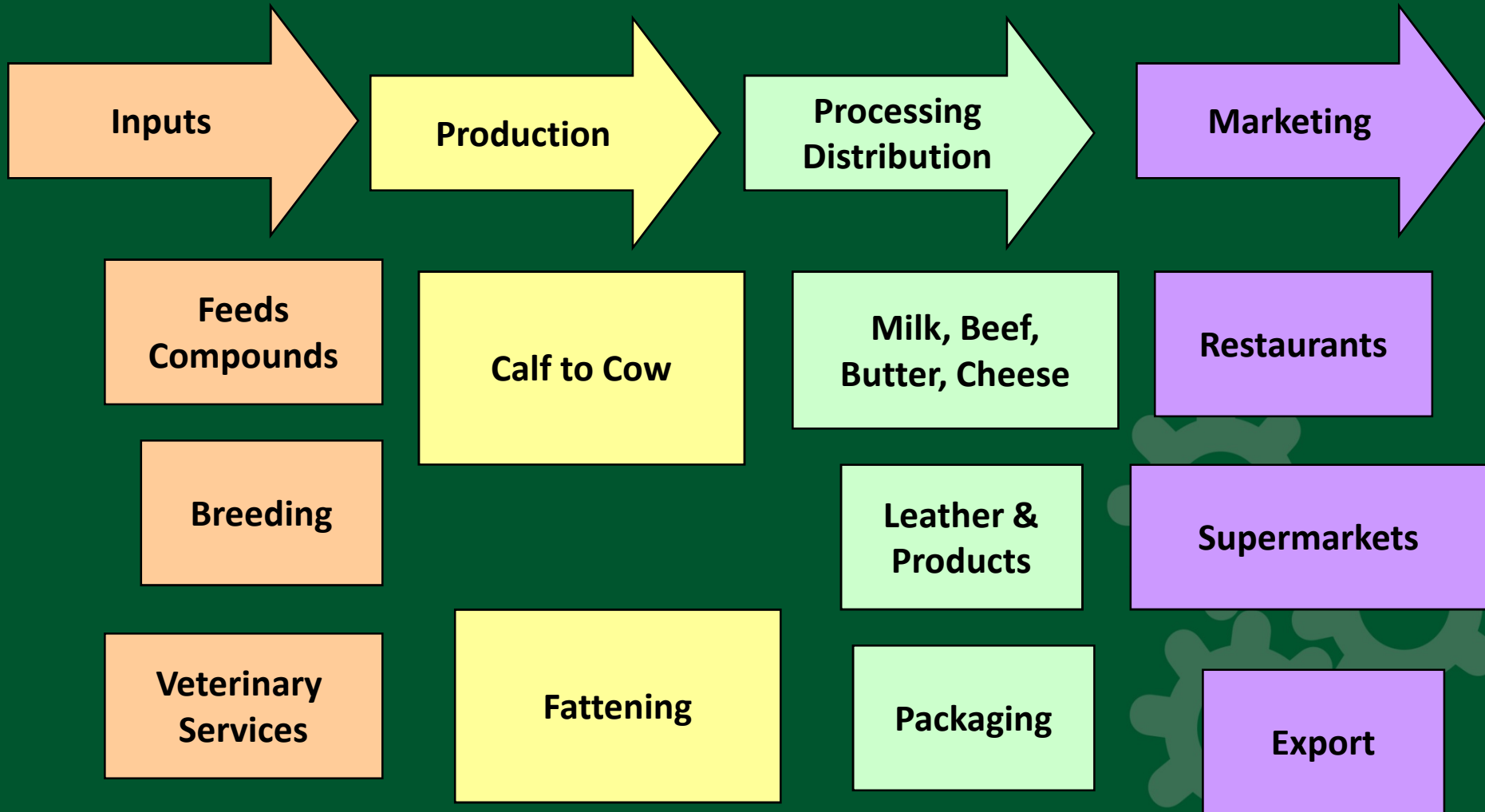
Cassava Value Chain



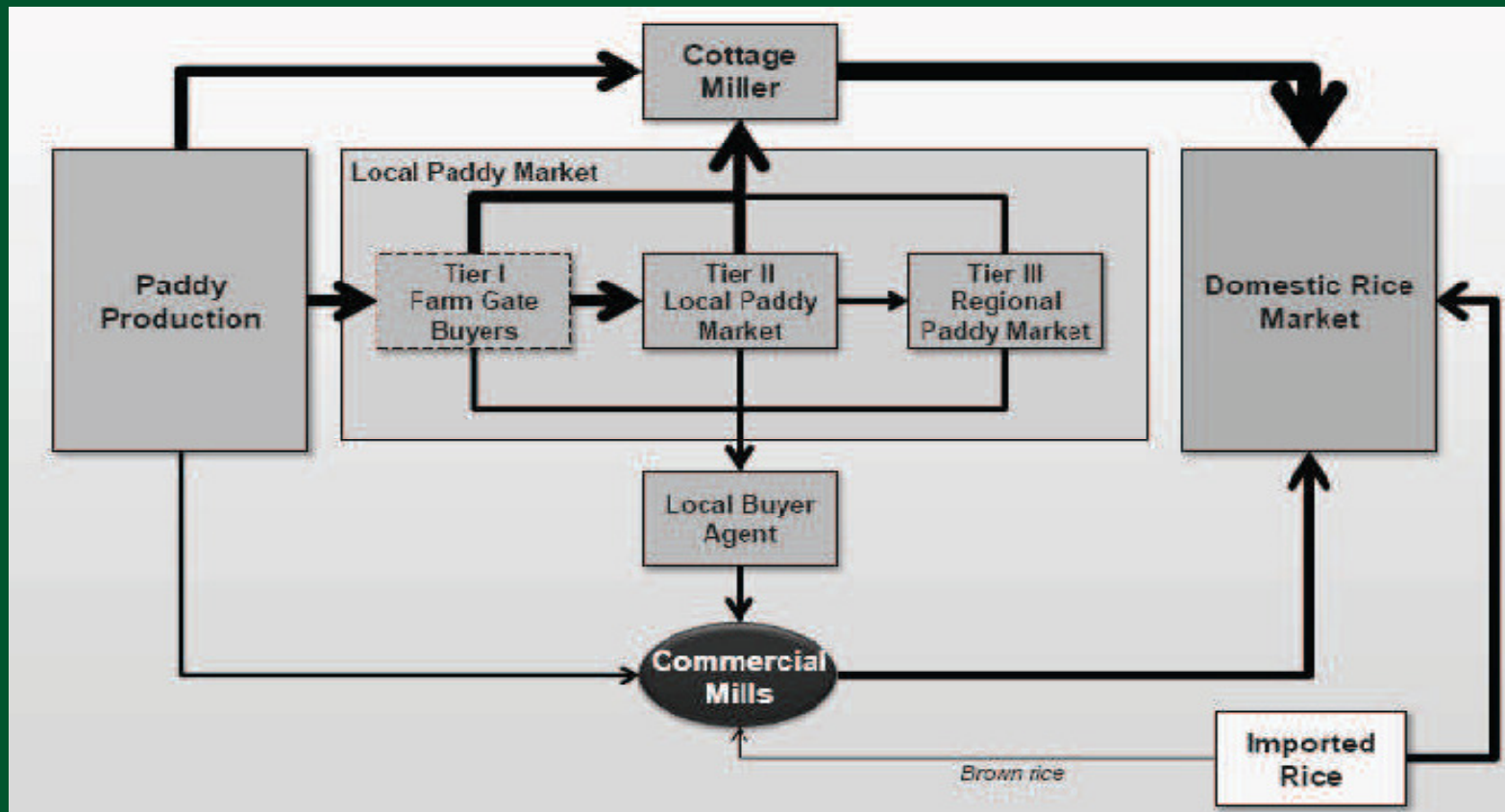
Cotton Value Chain



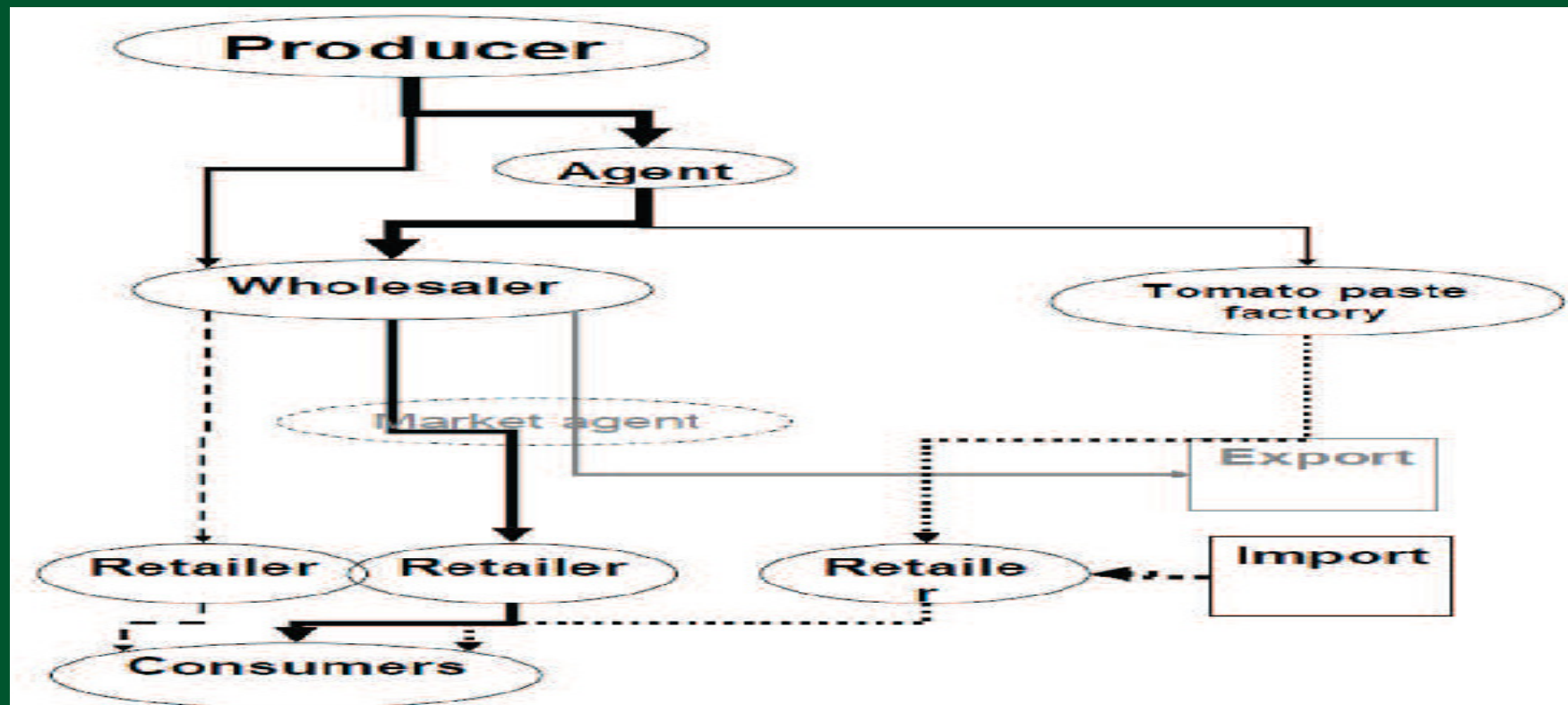
Cattle value chain



Rice value chain

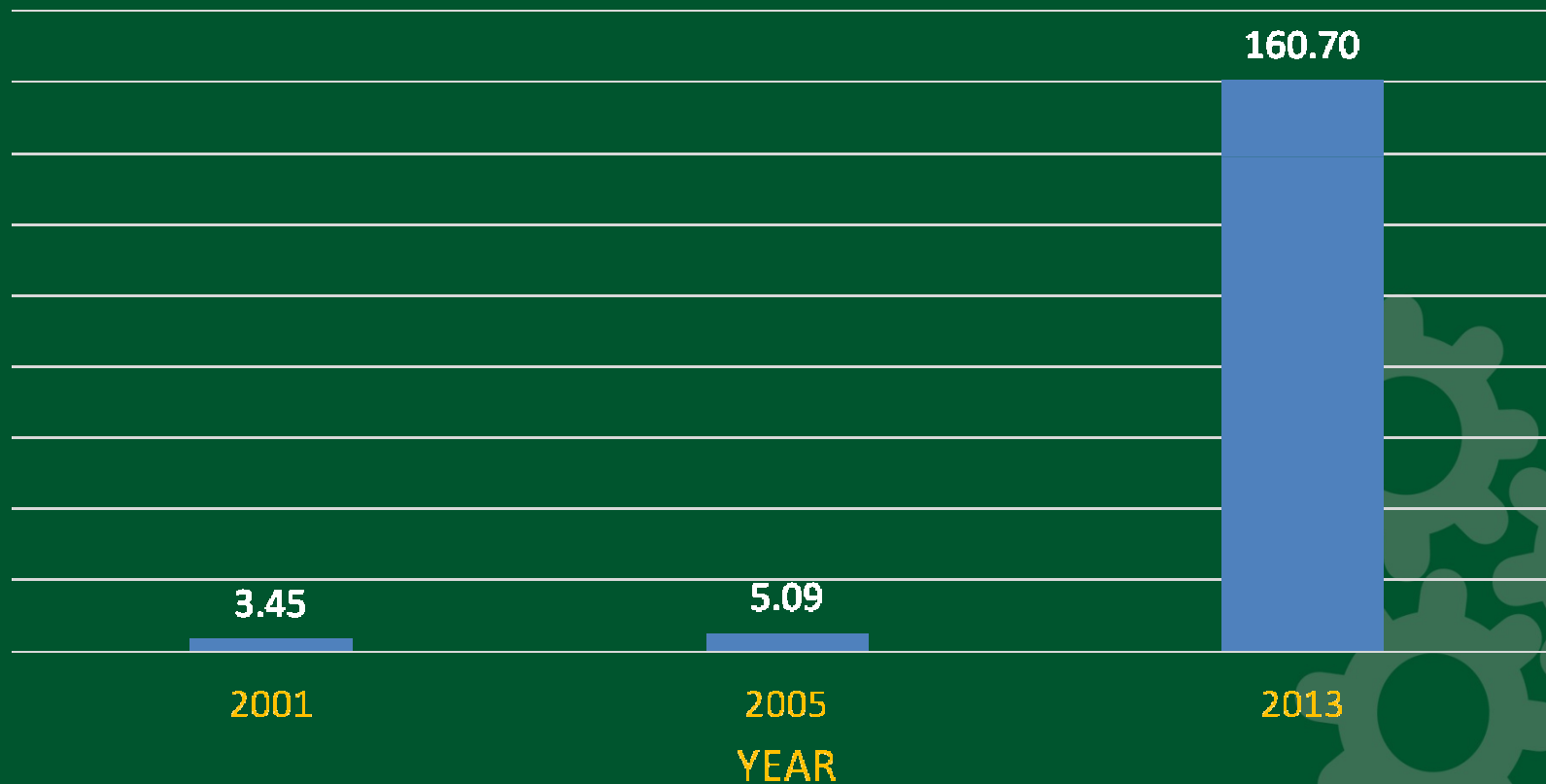


Tomatoes value chain



BANK OF INDUSTRY CONTRIBUTION TO AGRICULTURAL VALUE CHAIN DEVELOPMENT (Cont'd)

CUMMULATIVE LOAN APPROVAL FOR AGRO ALLIED INDUSTRIES (N' Billion)



SPECIAL INTERVENTION FUND FOR AGRO ALLIED SECTOR

- ✓ The Federal Government's N100 billion Cotton Textile and Garment (CTG) Development Scheme for the revival of the ailing CTG sector
- ✓ The Federal Government's Rice Intervention Fund of N10.0 billion.
- ✓ Nigeria Sugar Council's N400 million Fund
- ✓ N17.3 billion Micro Small & Medium Enterprises Development (MSME) Funds in Fifteen (15) states: For the development of the MSME sector through the bank's cooperative lending scheme

EXAMPLES OF AGRICULTURAL VALUE CHAIN PROJECTS SUPPORTED BY THE BOI (Cont'd)

1. Processing of Cocoa seeds to Cocoa Butter for export and cocoa cake and powder for local consumption
 - ✓ Beneficiary Company: Cocoa Ile-iluji Ondo State
 - ✓ Loan Amount: Multiple facility
N 1. 512 Billion



EXAMPLES OF AGRICULTURAL VALUE CHAIN PROJECTS SUPPORTED BY THE BOI (Cont'd)

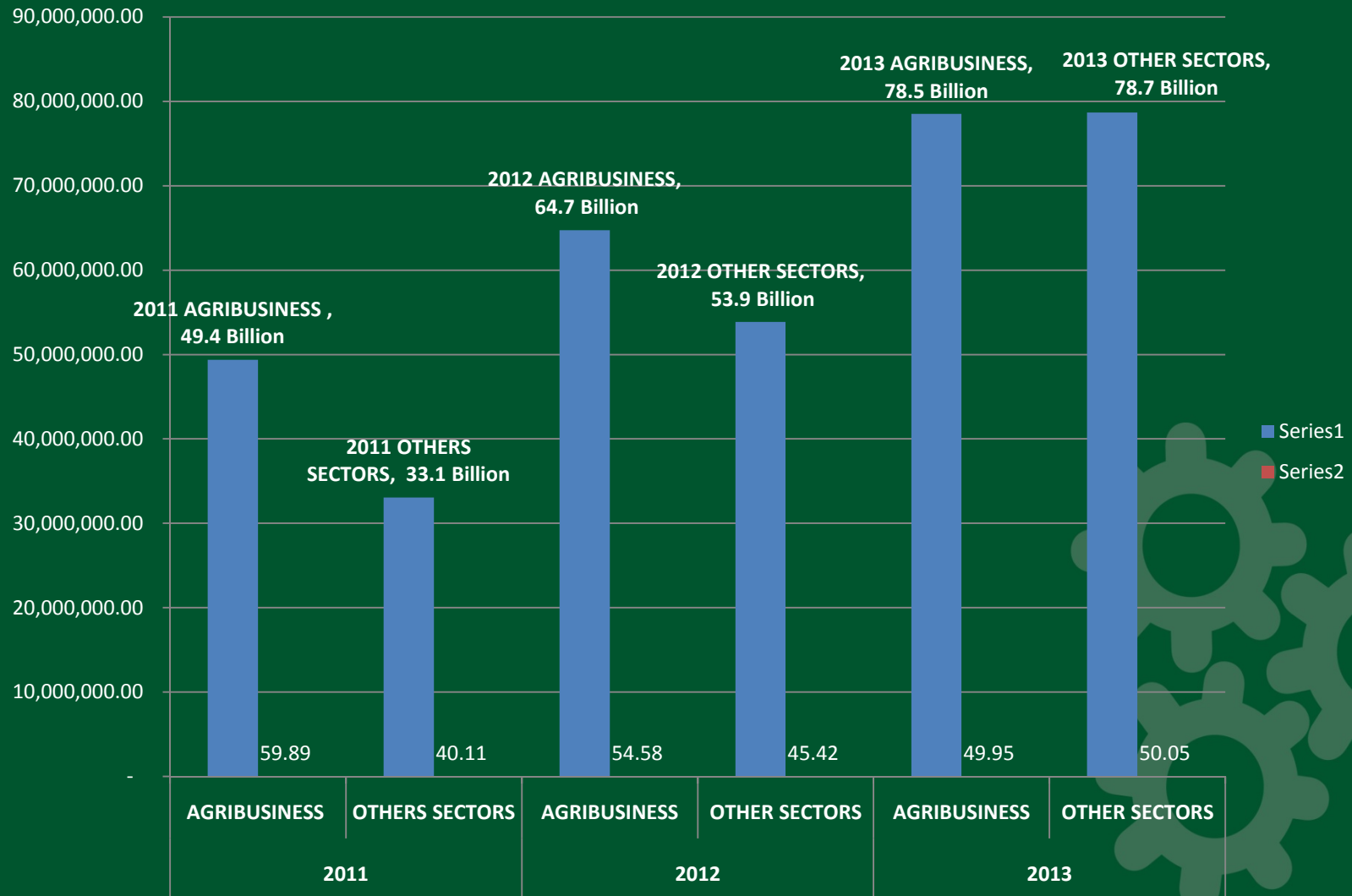
2. Processing of rice paddy to polished rice for local consumption

- ✓ Beneficiary Company: Ebony Agro Company, Abakaliki Ebonyi State
- ✓ Loan Amount: N 560 Million



SECTORAL RISK ASSETS ANALYSIS CHART

₦ '000



SMEs SECTORAL RISK ASSETS CHART

₦ '000

