

# Providing Financial Support for Agriculture: The Access Bank Way

3 February, 2016



# OUTLINE

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- **Agricultural Growth is the Fastest Way to Create Jobs in Nigeria**
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## Agriculture in Nigeria: Where are We?

- Nigeria has lost its dominant position in exports of key crops such as cocoa, groundnuts, ground nut oil and palm oil. In the 1960s, Nigeria had over 60% of global palm oil exports, 30% of global ground nut exports, 20-30% of global ground nut oil exports, and 15% of global cocoa exports. By the 2000s, Nigeria global share of exports of each of these crops was 5% or less.
- Today, Nigeria is a net importer of agricultural produce, with imports of some major food products like wheat (N635.5billion – \$4.1billion), fish (N96.9billion – \$625million), rice (N356.5billion – \$2.3billion) and sugar (N217billion – \$1.4billion) totaling N98.08trillion (\$632.8billion) of food import bill for the period 2007 to 2010.
- Nigeria's agriculture sector has enormous potential – with an opportunity to grow output by 160%, from N15.345trillion (\$99billion) today to N39.68trillion (\$256billion) by 2030. This growth potential comes from potential to increase yields to 80-100% of benchmark countries; increase acreage by 14million hectares of new agricultural land, approximately 38% of Nigeria's unused arable land of 36.9million hectares; and shift 20% of production to higher value crops.
- Nigeria faces a large and growing global agricultural market – fluctuating commodity prices, growing demand for food, and opportunities in bio-fuel all present significant opportunities for Nigeria. For example, global cereal demand will grow by between 31% and 150% by 2050 depending on the region, and global commodity prices are in their second major spike in three years. Agriculture can become the main driver for more equitable income growth, compared to oil and gas sector.

## RICE TRANSFORMATION PLAN

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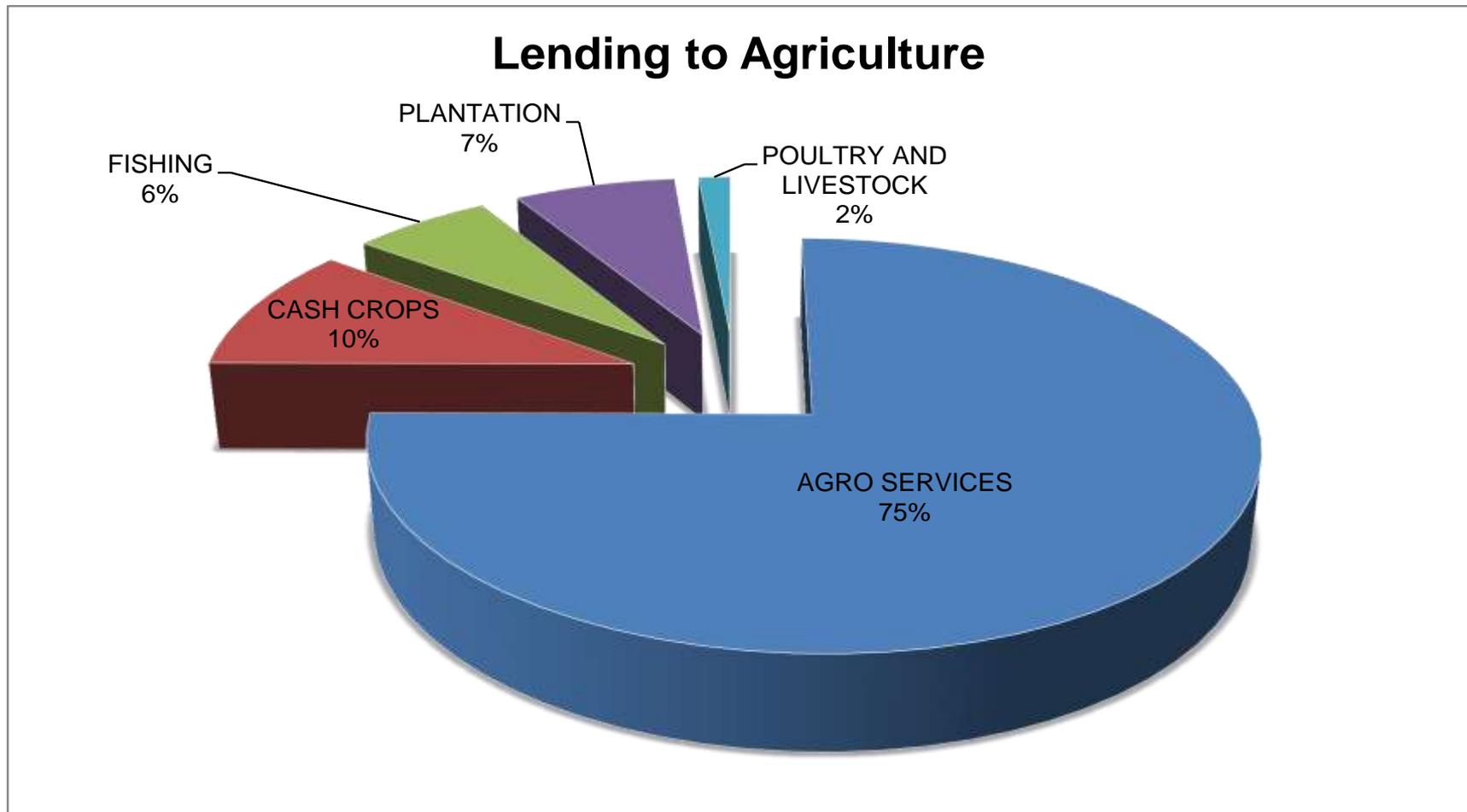


**Rice Transformation Plan**  
**Nigeria to be self sufficient in rice in four years**

# Financing Agriculture – The Access Bank Way

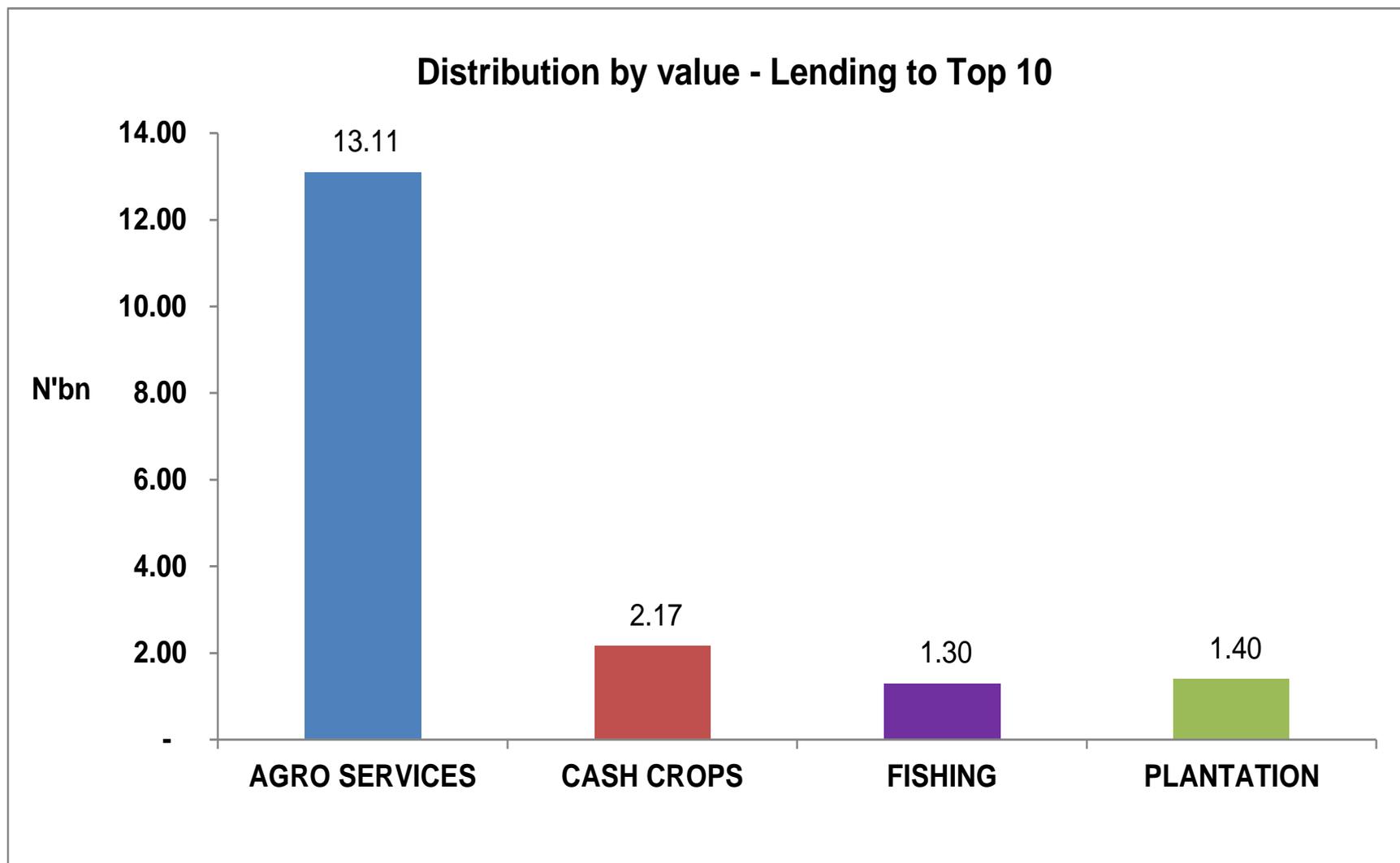
**SPEED** **SERVICE** **SECURITY**

## Access Bank Lending to Agriculture (November 2014)



- Access Bank total lending to the agricultural sector is about N16billion.
- The biggest lending is to the agro services and cash crops subsectors.

## Access Bank Lending to Agriculture – Top 10 (November 2014)



# Financing the Rice Value Chain – The Access Bank Way

## The Bank's Support

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- Our support has been by way of participation in the Growth Enhancement Support (GES) Scheme.
- In 2012, we supported the GES Scheme to the tune of N512M and N1.2billion in 2013. Basically to support seed companies that supplied seeds on the scheme.
- A global approval is in circulation to support the GES Scheme for the 2014/15 dry season farming to the tune of N1billion.
- In similar vein, the Bank recently submitted a letter of intent to support the Federal Ministry of Agriculture and Rural Development to the tune of N10billion ahead of the proposed set up of Rice Aggregation Centers and Agric Mechanization centers across the country. The schemes are due for implementation this year.
- Fertilizer companies and other agro allied companies are also being supported by the Bank.

## Imperatives for Banks to Exploit Opportunities in Agricultural Value Chain Financing

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- Management commitment to funding the agricultural sector.
- Dedication of adequate resources (human, material and financial resources)
- Building a pool of agricultural finance experts.
- Fostering peer learning and knowledge sharing among staff.
- Ability to facilitate entry into new segments under the agricultural value chain that meets the financial-viability threshold of the bank's core business activities.
- Constant examination of the entire business model to meet funding requirements of the agricultural value chain(AVC).
- Mobilize farmers' organizations or producers' cooperatives to promote marketing and lower transactions for the small scale farmers.

## Imperatives for Banks to Exploit Opportunities in Agricultural Value Chain Financing Cont'd...

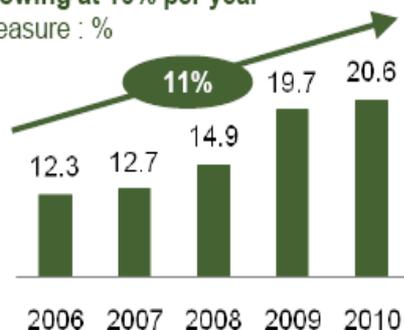
- Partnering with other institutions with capacity for small holders outreach programme to deliver service such as Microfinance banks and large corporate entities.
- Explore innovative funding mechanism and capitalize on the comparative advantage of the identified commodities breadbaskets under NIRSAL.
- Carving a niche in the value chain component financing and loan syndication.
- Assist agricultural businesses to identify business opportunities and manage production, marketing, legal, financial and human resources

# Agricultural Growth is the Fastest Way to Create Jobs in Nigeria

■ Nigeria's unemployment rate is spiraling upwards, growing at 11% per year. Youth unemployment rate is over 50%.

## Nigeria's spiraling unemployment

**Spiraling general unemployment rate growing at 16% per year\***  
Measure : %

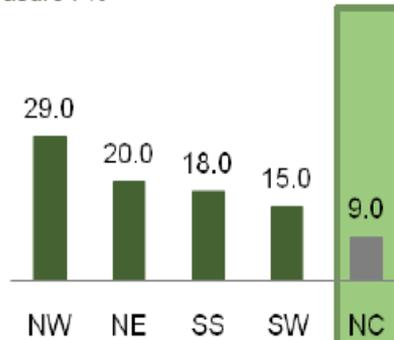


“Unemployment among our youth is one of our biggest challenges. The time has come to create jobs and lay a new foundation for Nigeria’s economic growth”

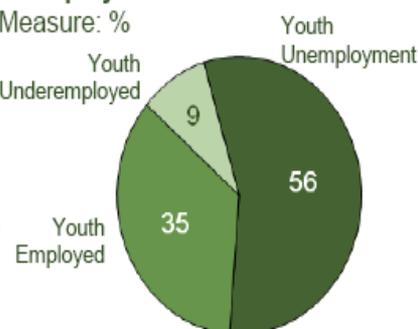
*-His Excellency, President Goodluck E. Jonathan GCFR, President, Commander-in-Chief of the Armed forces of the Federal Republic of Nigeria*

## Unemployment breakdown youth & region

**Regional unemployment rates\***  
Measure : %



**Youth unemployment 3X General unemployment\*\***  
Measure: %



## Key takeaways

- Our unemployment rate is spiraling, driven by the wave of 4 Million young people entering the workforce every year with only a small fraction able to find formal employment.
- Agriculture has demonstrated an ability to solve this challenge, as can be seen by the fact that the breadbasket region i.e. “North Central”, has the lowest unemployment rate in the country.

## Conclusion

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We believe that the Nigerian Banking sector, and Access Bank in particular, is well positioned to support the growth of the Agricultural sector.

**Thank You**