



ssnup

Smallholder Safety Net
Upscaling Programme

DEVELOPING AN AGRICULTURAL LOAN PRODUCT FOR VALUE CHAIN FINANCING IN NIGERIA



Africa



Latin America



Asia



Financial services



Non-financial services



Market building



Internal management

CONTEXT

Over 70% of Nigerians engage in the agriculture sector mainly at a subsistence level. Despite the sector's contribution to the economy (22% of the GDP in Q1 2021 according to the [FAO](#)), Nigeria's agricultural sector faces many challenges which impact on its productivity. These include poor land tenure system, low level of irrigation farming, climate change and land degradation. Other challenges include low technology, high production cost and poor distribution of inputs, limited financing, high post-harvest losses and poor access to markets. With the increasing population, estimated to reach 400 million by 2050, enhanced agricultural productivity through the adaptation of new technologies and innovations will be necessary to ensure food security and nutrition.

CURRENT STATUS OF THE INVESTEE

Advans Nigeria is a microfinance bank supporting micro entrepreneurs and SMEs in seven states of Nigeria, serving over 70,000 clients including 13,500 borrowers through its 29 branches and outlets. To-date, Advans Nigeria's outstanding loan portfolio stands at NGN 16.1bn (EUR 35.2M).

OBJECTIVE OF THE PROJECT

The objective of the project is to develop an agri-lending product, which takes advantage of the new Federal government policies designed to support the agricultural sector. The ambition of this project is to also target aggregators, processors, off-takers, input suppliers and other value chain actors to create a multi-stakeholder mechanism and strengthen entire value chains.

The main expected outcomes are:

- Strengthen the value chains by creating economic linkages between farmers, suppliers, processors, off-takers, and aggregators.
- Increase production capacity of 250 smallholders by financing investment, such as procurement of machinery, processor, storage facilities, etc.
- Increase productivity of 250 smallholders by financing improved inputs.
- Improve the financial management and risk awareness of 500 smallholders through financial literacy trainings.
- Strengthen the communities / group / associations / cooperatives of 500 smallholders to make them sustainable and grow better.

IMPACT INVESTOR



AGGREGATOR / INVESTEE

Advans (MFI) - Nigeria

TARGETED N° OF FARMERS

500 farmers

AGRICULTURAL VALUE CHAIN

cassava and yam, cocoa and cashew nuts and poultry/fish

STARTING DATE

August 2023

DURATION

12 months

TOTAL TA BUDGET

€ 75,800
Including € 60,640 (80%)
contribution from SSNUP



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