



# EXPORT:

Financing through Agents and Aggregators to bridge the gap between Farmers and Buyers

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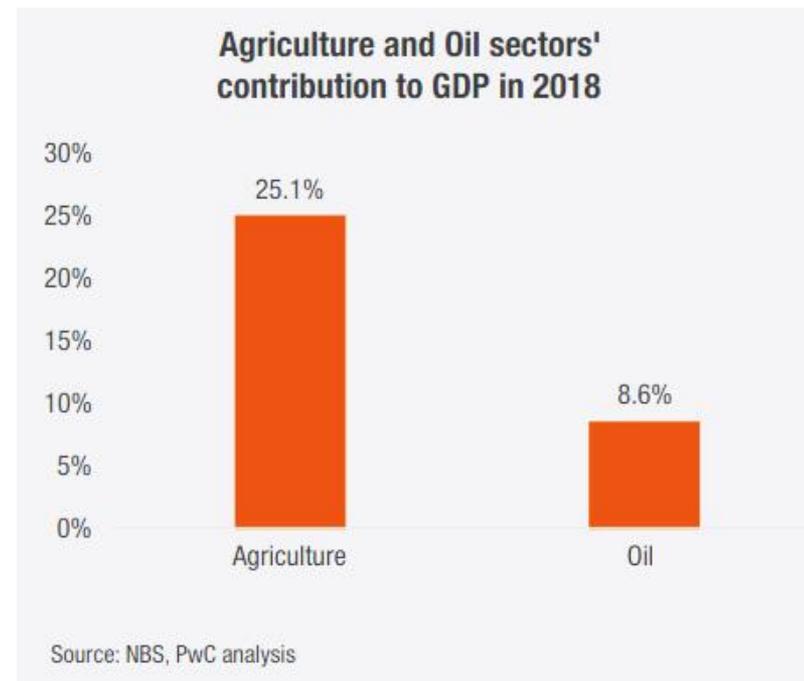
## EXPORT IN NIGERIA



Despite the steady growth in the value of Nigeria's agriculture exports over the last three years, the country's agriculture exports to total exports remained below 2%.

Consequently, oil revenue continue to account for more than 80% of total value of annual exports. However, the agriculture industry contributed approximately 25% to total GDP in 2018 while the oil sector's share of total economic output was 8.6% over the same period.

Since the agriculture sector is the largest contributor to Nigeria's GDP, unlocking the potential of agricultural exports is key.



# AGRICULTURAL EXPORT IN NIGERIA



The latest report released by the National Bureau of Statistics (NBS) shows that the nation's top 10 agricultural exports attracted over N206.16 billion by the end of September 2019.

Sesame seeds, cashew nuts, fermented cocoa beans and superior quality raw cocoa beans accounted for 69.5% of total agriculture exports in 2018.

The Asia region is the leading importer of Nigeria's agricultural commodities. The region accounted for 59% of total exports in 2018 (2017: 52.7%). Europe - 34.5% and America - 3.6% are the second and third biggest markets for Nigeria's agricultural commodities.



# EXPORT STATS - NIGERIA : KENYA



	Nigeria	Kenya
Arable Land	78%	48%
Agric. GDP Contribution (2017)	21%	34.5%
Contribution to Labour force	70%	61.1%
Major Export Products	Cocoa, Sesame seeds, Cashew	Tea, flower cuttings, coffee, fish
Export Earnings (2017)	\$1.1 Billion	\$5.8 Billion
Export Market	Asia, US, Europe	Uganda 10.8%, Pakistan 10.6%, US 8.1%, Netherlands 7.3%, UK 6.4%, Tanzania 4.8%, UAE 4.4% (2017)



# AGRICULTURAL EXPORT VALUE CHAIN IN NIGERIA



Players across the value chain include farmers, aggregators, warehouse operators, agro processors, exporters etc. Some players take up more than one role along the chain.

There are different levels of risk associated with financing each value-chain player. The farmers/producers are often with the most financing risks.



# CHALLENGES OF AGRICULTURAL EXPORT IN NIGERIA



- Lack of value-addition to Agricultural produce
- Poor quality of agricultural products for export
- Logistic challenges at the ports
- Inadequate storage facilities and poor distribution network
- Local demand outstripping supply i.e local prices for quality produce is better than exporting

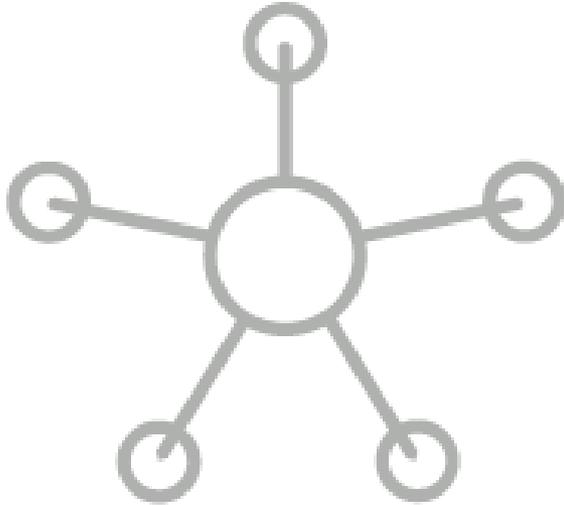


The smallholder farmer:



- ❑ Has very low knowledge of international standards of quality
- ❑ Produces low quality goods as a result of poor seed, agroeconomic practices (Chemicals Child labour traceability etc) harvesting, transportation and storage
- ❑ Lacks awareness with regards to the documentation required for export.
- ❑ Is often unable to secure financing to scale due to the unstructured nature of his business operations which falls outside the risk acceptance criteria of commercial banks.
- ❑ Is mostly unable to secure export market for his produce

## The Aggregators:



- ❑ They are more structured than the farmers
- ❑ Can be availed a Stock finance facility for the procurement of commodities or a lease finance facility to support the transportation of produce from the farmers to the warehouse
- ❑ They mostly act on a supply contract issued by an exporter.
- ❑ Some exporters also double as aggregators
- ❑ Can meet Export standards
- ❑ Can develop comparative and competitive advantages

## Export Agents/Union



- ❑ Can negotiate and enter contracts on behalf of its farmers. Inputs fertis Chemicals, planting and harvesting schedules, quality specs, SEMS
- ❑ Can enforce quality control measures among its members
- ❑ Will act as an aggregator of all member's produce
- ❑ Can successfully approach the bank for funding to execute supply contracts
- ❑ Can be a company jointly/partly owned by all members
- ❑ Can develop and effective Cold Chain