



SPEECH FOR AFRICAN YOUTH AGRIPRENEURS FORUM
(AYAF)

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1. Protocol:

The Chairman;

Fellow resource persons;

Distinguished guests;

Ladies and gentlemen:

2. Background: I am honoured to join you at this important forum to deliberate on how we can promote the much-needed agricultural renaissance in support economic growth and national development. Interestingly, this event is coming closely on the heels of the recent FirstBank Agric Expo where practitioners from across the nation and beyond gathered to chart the course for mainstreaming agriculture in the national economy.

The youths comprise an increasing proportion of the African population. African countries have the youngest population in the world and the largest share of the world's available arable land. According to the Africa Union Commission, about 65% of the total population of Africa is below the age of 35 years and about 10 million youths enter the labour market annually. By 2020, 3 out of 4 Africans will be averagely 20 years old.

Youths are often dynamic, enthusiastic, resourceful, creative, innovative and adventurous. They come from different and highly varied social backgrounds, cultures and traditions. It is therefore imperative to note that the youths, and/or youthful labour, are very pivotal to the growth and development of the continent. They are one of the greatest resources and

a necessary force for improving the productivity and sustained growth of all sectors of Africa's economy.

For most African countries, agriculture remains the largest employer of any sector in the economy. Agriculture employs about 65% of the total work force in Sub-Saharan Africa (SSA). Though there has been a decline in the relative number of agriculture workers, it still accounts for a majority of the working population in many regions. Many SSA countries have a farming population that is greater than the rural population. It is therefore the logical sector to focus on when designing policies to provide jobs for youths. Agriculture, already Africa's largest employer, is the most immediate means of catalyzing economic growth and employment for young people.

3. The African Agrarian Community

Over the years, the age of farmers in Africa has been on the average, 60 years, while there has been rural to urban migration by the youths in search of paid employment. The implication of this is that, very soon, if care is not taken to encourage more youth participation in agriculture, there will be a decline in innovation and productivity which will ultimately have a negative effect on Africa's economy. We still have majority of farmers practicing the traditional systems of farming which result in low yield.

Many young people are choosing not to pursue livelihoods in the agricultural sector, especially as farmers, which may have medium to long term implications for national and international efforts to drive economic growth through investments in agriculture.

More than 80 percent of African agricultural production comes from smallholders. Any rational food system for Africa must put its smallholders first. Over the years, many African governments have tried to bypass the existing agricultural sector by investing in large-scale commercial farms, on the assumption that they would be more efficient. But allocating large blocks of land to foreign investors, reserving water for industrial-sized operations, and concentrating research and development on a few cash crops doesn't help most farmers. It also hasn't generated enough produce to feed the continent's rapidly growing urban areas, which is why food imports are sky-rocketing and why city dwellers are spending more than they should on food. There is, therefore, a need to focus more on Agripreneurs that are in the Small and Medium Scale category. Policies should be put in place to support them for more productivity.

4. Agripreneurship: A necessity

There is need for more involvement of the youth population in Africa to embrace the business of agriculture. We have described youth as enthusiastic and innovative; these traits and energy need to be channeled to agriculture to boost this sector of the African economy. Youths should see agriculture as a lifestyle and a business that requires focus and hardwork and what can give them a lifetime employment while also being employers of labour themselves. Youths need to know that being an agripreneur, you should understand the intricacies of agriculture, have a business plan and also have a good management strategy in order to succeed and also make yourself bankable in case you need credit facilities.

On the part of the government, there's need to adopt the following strategies to encourage agripreneurs:

- Review the existing land use laws to make land available for agricultural projects without clashing with host communities
- Encourage the emergence of private sector–led but public sector–enabled Marketing Boards to facilitate commodity storage and price stability
- Increased budgetary allocation (at least 10%) to agriculture for infrastructural development
- Adopt cluster policy to facilitate optimal usage of infrastructure and co–sharing
- Adequate funding of Agricultural Development Agencies to diffuse new technology, train/educate farmers on best agro–inputs and modern agronomic/animal husbandry practices
- Improved security to safeguard investors and their investments
- Increased collaboration with International Agencies/Development Partners
- Adopt Public Private Partnership model to rev up privatization of moribund government projects in the agricultural sector

Private development partners are encouraged to create Farmer Schools and make agricultural information more available to agripreneurs through digital channels in form

of white papers on web pages and develop applications that are very attractive and user-friendly for farmers to utilize.

5. FirstBank: Our Pedigree in Agricultural Finance

FirstBank commenced operations in 1894 from an agricultural background by distributing currency in support of agricultural trade between West Africa and Europe. The Bank was the major commercial bank financing the operation of Commodity Marketing Boards in 1950s and 60s. In the 30s, the Bank was foundly referred to as the “COCOA BANK”.

The Bank’s Strength:

- ✓ Dedicated team of Agricultural Professionals in various fields of agriculture
- ✓ A suite of Sector/Customer friendly agricultural financing products
- ✓ Partnership with several International Institutions and Development Organizations involved in the agricultural enterprise value chain such as DFID, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and many others
- ✓ Large base of Small, Medium and Large Scale Agribusiness Clients
- ✓ A network of over 700 branches, many of which are in rural and semi rural locations in order to support agricultural businesses. We also have branches in some African nations to support various businesses
- ✓ A major partner of Government in developing and implementing various agricultural initiatives; Agricultural Credit Guarantee Scheme Fund(ACGSF) (won several awards), Commercial Agriculture Credit Scheme (CACS) (highest number of projects), Growth Enhancement Support Scheme (GESS)
- ✓ Pioneered a private sector-led farm mechanization scheme in partnership with Tractor Owners and Operators Association of Nigeria (TOOAN) and DFID/UKAID
- ✓ Coordinated the efforts of banks in the development of the financing framework for the Growth Enhancement Support Scheme (GES)
- ✓ Actively collaborating with development agencies including United Kingdom Agency for International Development (UKAID), United States Agency for International Development (USAID), International Fund for Agricultural Development (IFAD)

- ✓ Financial member of Nigerian Economic Summit Group (NESG) and African Rural & Agricultural Credit Association (AFRACA)

6. FirstBank: Why We Stand Out in Agricultural Finance

Track Record: In partnership with industrial end-users, seed companies and commodity merchants, FirstBank has sponsored primary production of key agricultural commodities under the outgrower model: Rice (OLAM in Markurdi), Sesame (RRM Global Ltd, Kano), Cassava Starch (Psaltry International Ltd Iseyin), Cassava Ethanol AADL, Ota), Cassava Starch (Greentech Ltd Starch, Agbara), Savannah Sugar Ltd, Affcot Ginnery (Numan), Broiler (Amo Sierberer, Awe) etc.

Presence: Over 750 business offices in Nigeria, over 45% of which are deliberately positioned in rural and peri-urban locations to support enterprises in the agricultural value chain. The Bank is accessible to farmers, input suppliers and processors in the agricultural value chain.

Products: A suite of enterprise-friendly products to support agricultural operations: Outgrower Scheme, Commercial Agric Credit Scheme (CACCS), Micro Small & Medium Enterprises Development Fund (MSMEDF), Real Sector Support Fund (RSSF), Fertilizer and Seeds Finance under the Growth Enhancement Support (GES), Conventional Term loan & Overdrafts. Some of the offerings have the added advantage of incentives such as Interest Draw Back and Credit Risk Guarantee under the ACGS, the National Agric Insurance Scheme (NAIC), Nigerian Incentive Based Risk Sharing for Agric Lending (NIRSAL), Agricultural Export Financing Facility; to bridge pre-shipment and post-shipment working capital needs.

Structures: A fully manned Agric Finance desk with dedicated Agricultural Relationship Managers in business development, risk management, agricultural advisory support in primary production, processing, trade finance and payments support

Europe

London, UK: FBN Bank (UK)

Paris, France: FBN Bank (UK) branch

- Leading West African bank in the UK for trade finance, structured trade, correspondent, and private banking businesses
- Certify compliance with stringent regulatory standards by FSA

Asia

Beijing, China: Rep. Office

- Commenced operations in 2010
- Established to capture trade flows between Nigeria and East Asia

Nigeria

FirstBank of Nigeria

- Largest banking group in Nigeria
- Over 700 branches nationwide, 2000+ ATMs, 6 million+ customers
- Operates across diverse nation of >250 different languages/ethnicities

Sub-Saharan Africa (SSA)

Democratic Republic of Congo: Banque International de Credit (BIC)

Johannesburg, South Africa: Rep. Office

Ghana, Gambia, Guinea & Sierra Leone

Middle East

Abu Dhabi, UAE: Rep. Office

- Fully operationalized in 2012
- Established to capture trade flows between Nigeria and Middle East

7. Agriculture Finance Loan Products

Conventional Term Loan: Provides facilities to enterprises engaged in input merchandising, primary production, processing or marketing of agricultural produce outside the above special interventions.

Agric Growth Enhancement Support (AGES): This is a Federal Government Scheme which is based on credit for the procurement and distribution of farm input (certified seeds and fertilizers) to seed companies and Agro dealers. The fund however is Bank's fund but granted with a Single digit interest rate inclusive of 50% Interest rebate by the Federal Ministry of Agriculture & Rural Development.

Agricultural Produce Finance: Financing scheme that allows customers with storage facilities to gather produce when in season and sell to open market or other end users.

Commercial Agriculture Credit Scheme: Intervention scheme created by the CBN to provide low cost, long-tenored funds to large scale agricultural enterprises to fast track

the development of agricultural sector. The scheme commenced in 2009 and would terminate in September 2025. FirstBank has financed 117 projects so far (this translates to about 25% of all projects financed by all the banks put together)

Micro, Small & Medium Scale Development Fund (MSMEDF): Special intervention fund of N220bn created by the CBN to provide low cost, long tenored funds to MSMEs to enhance their capacity for employment generation, economic development and inclusive growth. The scheme commenced in 2014

Real Sector Support Facility: Special intervention fund of N300bn created by the CBN to unlock the potential of the real sector to engender output growth, value added productivity and job creation. The scheme came into effect in 2015 and would expire in 2030.

FirstGEM: This is a retail product that caters specifically for women in agriculture.

Export Finance Facility (EFF): This product provides pre-shipment and/or post-shipment commodities export finance, inclusive of favorable cash-against-document terms

Export Simulation Facility: This is a N500billion CBN intervention fund at concessionary interest rate of 9%. The fund can be assessed through FirstBank.

8. Conclusion:

I look forward to an engaging session from this event and I believe the take-home from this agriprenuer forum will bring about a huge transformation in the way agricultural business is done in Africa. I thank you for your attention.

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