

# PROMOTION OF AGROPOLES & AGRO-PROCESSING ZONES IN AFRICA

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## **Nigeria's STAPLE CROP PROCESSING ZONES**

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## Initiated in 2011 as a Complement to the ATA

- a desirable tool to boost the Nation's Agriculture, at its Tipping point, by helping:

- convert Comparative Advantage in Agric. to Competitive advantage
- develop Strong Agric. Value Chains - help Stimulate Productivity and Reduce post harvest losses
- assure National food security
- import Substitute for food, create sustainable local job opportunities, create new rural zones of economic prosperity, reduce rural-urban migration



## By in 2015, had become a critical Lifeline

- as oil revenue shrunk, a means to:

- diversify the National Economy – reduce dependence on oil, reduce vulnerability
- reduce pressure on nation's dwindling forex

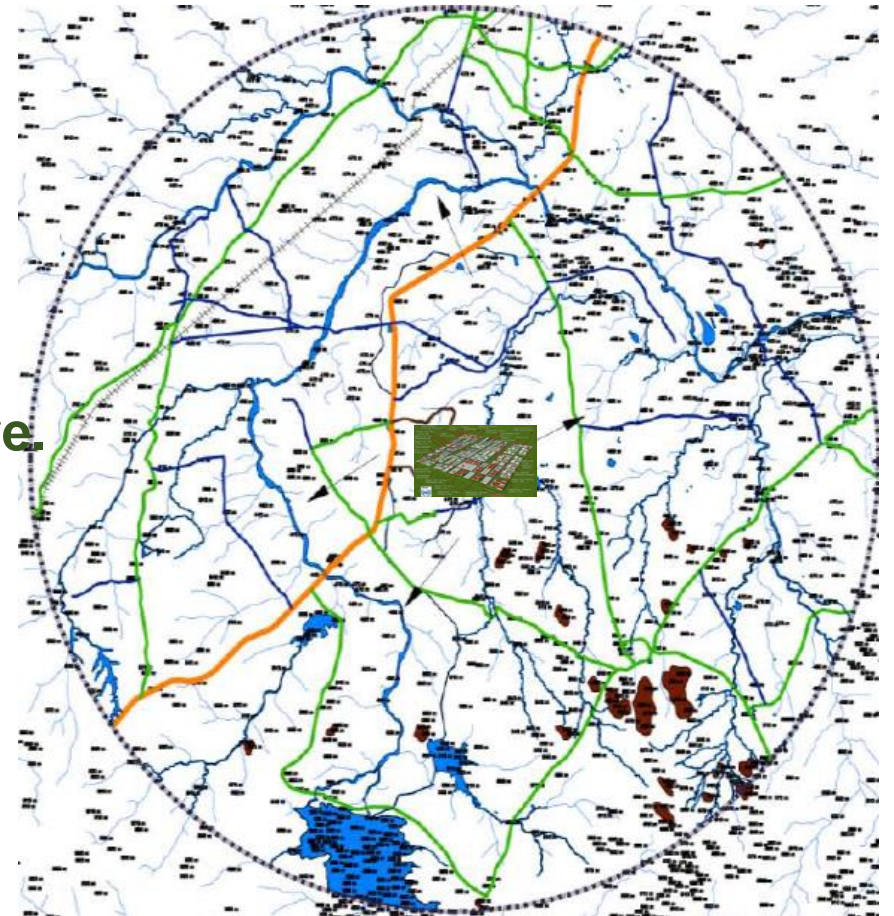


## The nature of the need determined the approach

**Multiple sites at once – cover wide range of priority Agric. produce plus, offer location choices to investors (site development, however, on demand)**

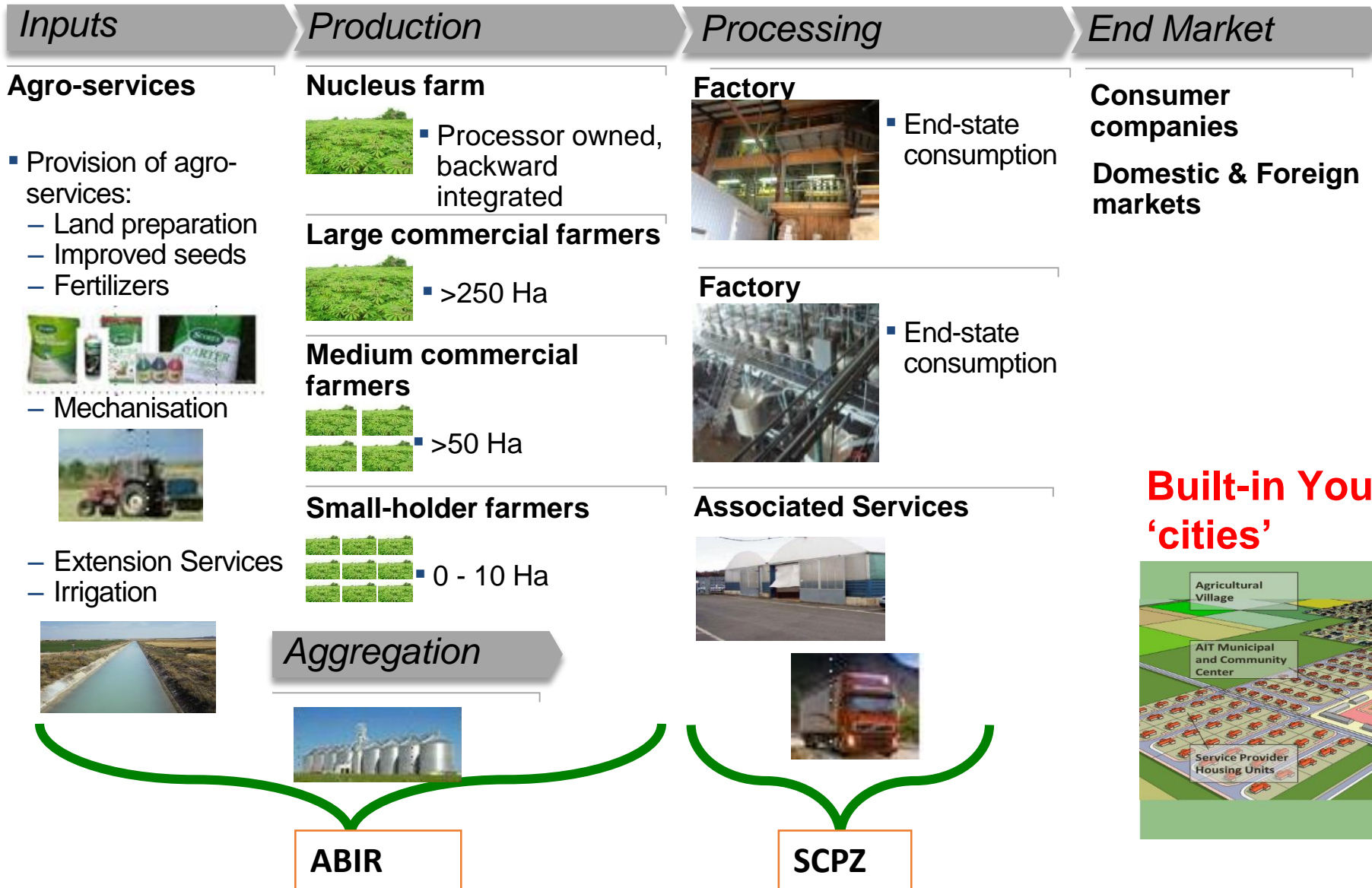
SCPZ - an agricultural commodity focused 'central place' typically delineated 250 ha., core area or a corridor, dedicated to providing modern processing and associated services, in a competitive atmosphere.

An immediate, enveloping 30-50km radius of production clusters to be supported for competitive production to assure processing Feedstock (ABIR).

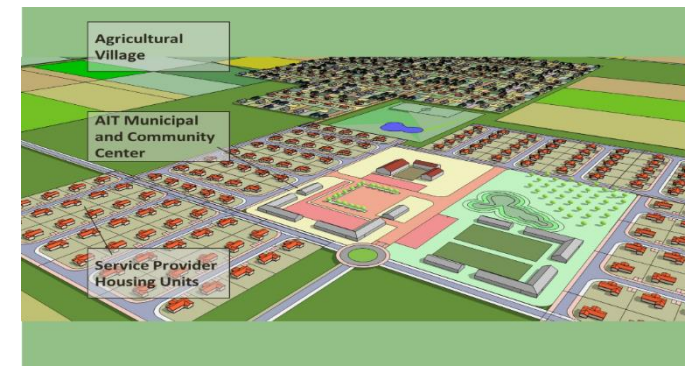




# The SCPZ



## Built-in Youth Farming 'cities'



## SCPZ Development - through investment driven partnerships between Government (Federal, State and Local) and the private sector

### Government's obligations

- a) support efficient production activities and enhances efficient farm-factory linkages
- b) facilitate quality and affordable desirable infrastructure and services, at least 'off-site'
- c) facilitate right mix of incentives and consistent agric. sector specific policies

### Private Sector

- a) invest in production and processing
- b) invest in infrastructure (on site)
- c) site management

## Infrastructure - major cost area. SCPZs are largely Rural.

- Partnership with key Government infrastructure Ministries
- Borrowing – a major area of Challenge
- Response from the Private Sector on PPP is very encouraging

Costs to meet Government's Obligations for 1<sup>st</sup> Phase developments vary, depending on existing facilities, - typically US\$50m to US\$125m

## **Concept development started with a focus on cited barriers to Agro processing Investment**

- **consequentially, investors rallied at the opportunity of participating in concept development**

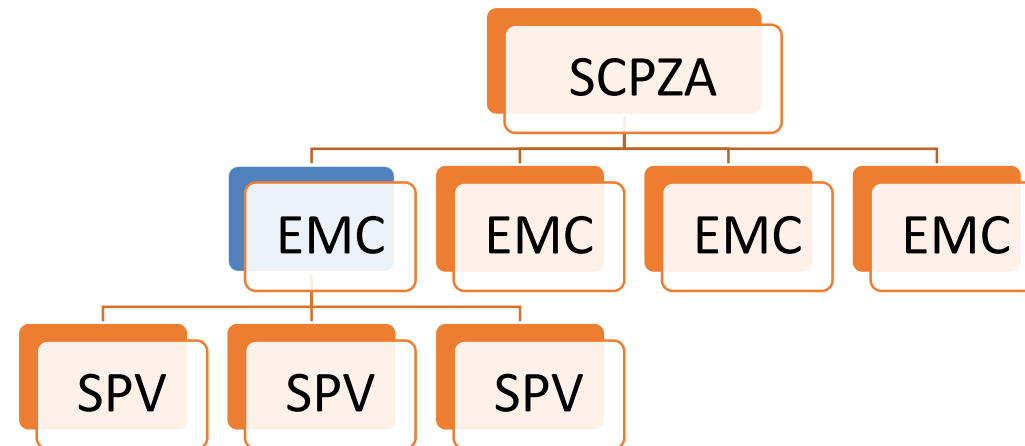
## **Further Consultations Have Led to Strategic Partnerships both Locally and Internationally**

## **Planned Road Shows and major Agribusiness Events**

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## Backing of an Act of Parliament is anticipated

- Interim Policy document lists obligations, rights and expectations and an Institutional Management Structure



Staple Crop Processing Zone  
Authority (SCPZA)

SCPZA Executive Manage-  
ment Committees (EMC)

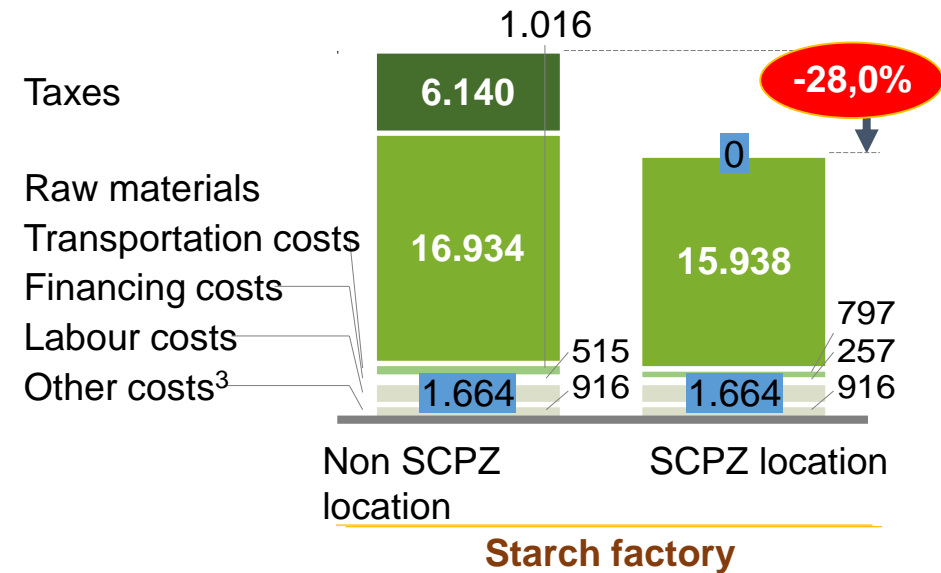
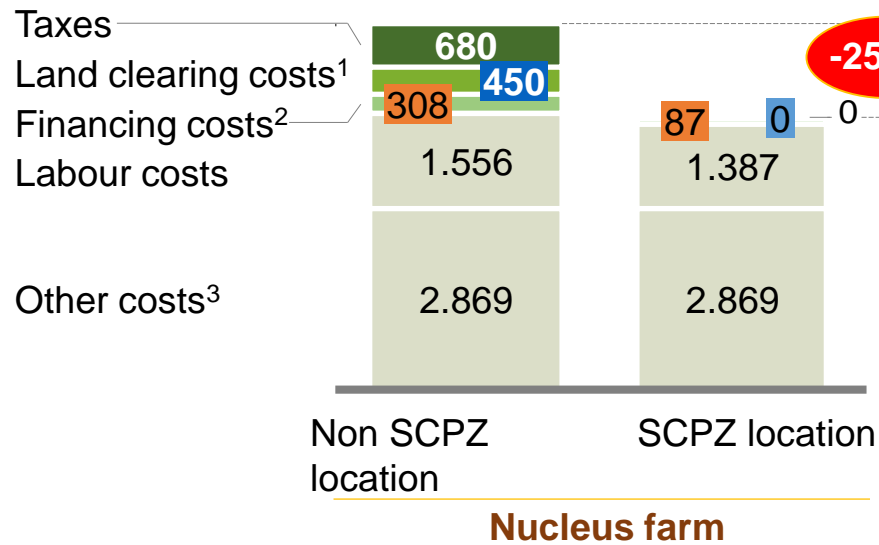
Zone Level Special Purpose  
Vehicles (SPVs)

# SCPZs offer a superior operational environment that stimulates a Significant Cost Competitive Advantage for Processors

**-27% in a Cassava Starch Production/Processing Case:**

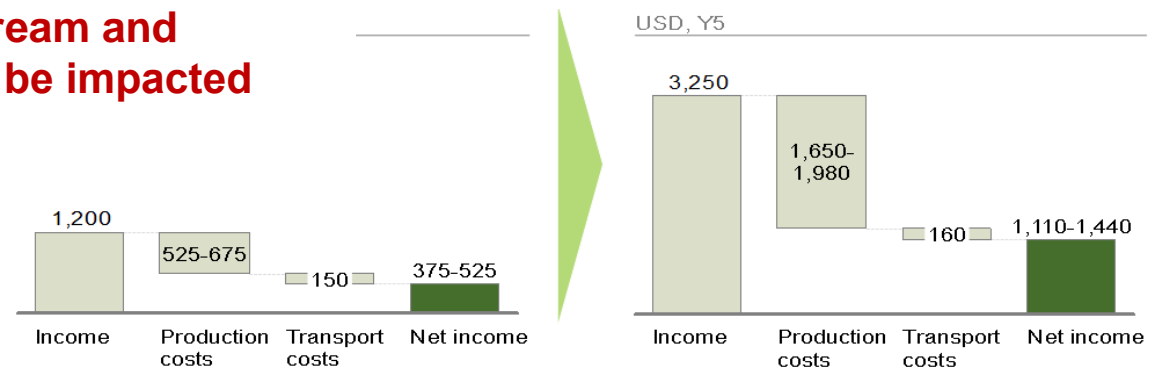
**Cost structure of 75,000Mt starch factory with a 6,000 Ha nucleus farm**

USD\$ thousands, Year 5



**SCPZs are designed to create value both downstream and upstream - Smallholder farmers' income will also be impacted**

From the support that will come in a Cassava SCPZ case, income for farmers smallholders are estimated to double or triple by year 5 of a Starch Mill's operations from \$375-\$525 to \$1,110-\$1,440 at constant 2012 prices





## The potential impacts are already obvious

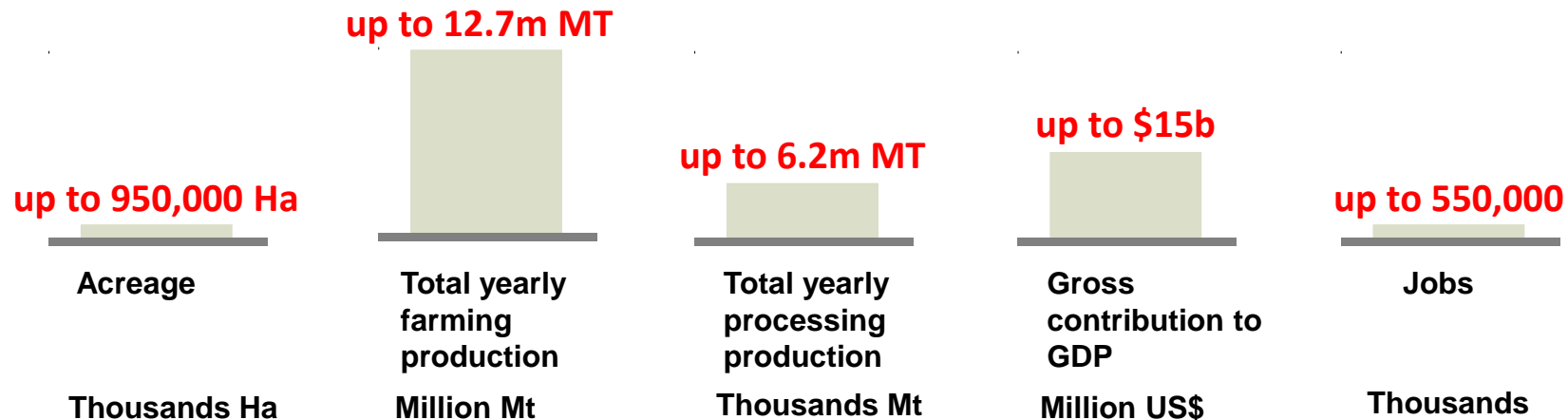
A \$40m, 1,200 tons/day  
Tomato Processing Plant  
commences operations April  
2016 at the Bunkure SCPZ



- Potential to help Nigeria reduce the up to **\$26,085,523,775 p.a.** in market value from post harvest losses of its main commodities

- For nearby tomato farming clusters, potentials for increased production, increased incomes, increased wealth and new jobs in tomato production and processing. For the country, reduced dependence on Tomato products imports, conservation of forex, assured control on quality of Tomato products

### Estimates of the direct impact of the first 12 SCPZ sites:



## Looking Ahead

The SCPZ introduces a long missing framework for Agro-processing Investment in Nigeria.

The promise of competitive operational environment is raising activity levels

However, 3 key issues:

- SCPZ Development has a long gestation period – not the best for quick political gains. Enshrining strong political commitment is critical.
- Strong, 'prompt', Financial support is critical
- Managing 'Gradients' is critical