

AFOS Prepares Microfinance Banks in Nigeria for Agricultural Lending – Championing Agric-finance Training Programme in the Microfinance Industry

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AFOS is providing Agricultural finance trainings to loan officers and managers of microfinance banks to equip the microfinance industry and harness their latent capacity towards contributing to agricultural finance to boost food production in Nigeria

The Nigerian agricultural sector boasts of various Agric finance schemes and products supporting the nation's agricultural value chain through credit finance to support rural savings and MSMEs. However, because these products majorly comprise of public funds or subsidized private funds with an explicit or implicit state guarantee of the liabilities of a development finance, the funds have limited availability especially to smallholder

farmers in rural communities. Thus, the challenge of agricultural finance in Nigeria still persists.

AFOS through its AGRAR II project is now giving attention to building the capacity of Microfinance institutions to deliver agricultural loans and microinsurance, focusing on smallholder farmers and Agricultural entrepreneurs in rural, urban and peri-urban communities in Nigeria.

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Cover Illustration:
Linking Microfinance & Agriculture for growth of the sector

Background to the AFOS Agricultural Finance Project

The Agricultural finance training is a project activity within the framework of the AGRAR II project of AFOS-NIG-INGO, which seeks to enhance, and harness the capacity of Microfinance banks in Nigerian to provide agricultural finance services such as microloans, savings, payments, microinsurance etc. to their individual, and MSME customers involved in agriculture and other allied businesses in order to boost food production. Through the project, AFOS is providing Agricultural finance trainings to loan officers and managers of Microfinance banks, to equip them to understand the business of agriculture as well as to achieve effective and efficient piloting of specific agricultural finance schemes that eventually translates to sustainable growth in agricultural loan portfolio of the Microfinance banks (MFBs).



Measurable economic growth is supported by the availability of intentional programmes that provide the poor and low-income earners with access to the factors of production, especially credit. Microfinance continues to perform as a vehicle to promote the economically active poor, for growth of micro and small entrepreneurs and to stimulate the informal sector by providing financial services to the low-income and economically active individuals who are excluded by the commercial banks.

The Agricultural Finance project aims to improve the growth and sustainability of microfinance practitioners in Nigeria, linking partner MFBs and smallholder farmers for tailor-made financial products, accelerated and efficient agricultural lending, among other activities with deliberate efforts to create synergies between the project and other interventions of the AFOS-NIG partners in Nigeria.



Partner MFBs are selected based on an AFOS-sponsored Agricultural Finance Survey conducted in October 2021, in which 213 Microfinance Banks in 26 states across the 6 geopolitical zones in Nigeria participated. The survey aimed to understand the challenges to agricultural lending, as well as success factors and experiences of MFBs that currently provide agricultural lending products. The result of the survey is a key contributing factor to the design of the 8 learning modules of this programme. The selection criteria are firstly, MFBs that took part in the survey, after which an invitation to partake in the training was circulated - only those who agreed to the terms of engagement were onboarded as partners participating in the training.

Project Focus and Expected Results

The project is focusing on good international practices in developing and deepening knowledge and culture of agricultural finance to both microentrepreneurs and the MFBs by achieving the following:

- Developing a detailed knowledge base through training on the specific agricultural finance products and services,
- Enhancing the growth of agricultural loan portfolio to microentrepreneurs and smallholder farmers in Nigeria,
- Developing and deepening the understanding and practice of lending to farmers and agribusinesses by partner MFBs
- Achieving value-based organizational development.
- Effective monitoring and evaluation of pilot run activities with Microfinance Banks
- Improving the management skills of Agro-industry partners (covering the full spectrum of management, including trainees and talent pools, coaching and mentoring),
- Empowering farmers and MSEs in financial and entrepreneurial management,
- Linking partner MFBs and small holder farmers for accelerated and efficient lending to functioning value chains and with tailor-made financial products.

Project Objectives:

Through the project, AFOS seeks to equip MFBs in Nigeria and harness their capacity to provide agricultural finance services, and as a result:

1. Facilitate improved efficiency and sustainability of agriculture in Nigeria through increased loan portfolio
2. Drive increased income levels of micro-entrepreneurs and the microfinance banks,
3. Reduce and manage the pure risk exposure of micro entrepreneurs and smallholders' farmers through capacity building and tailored lending, as well as micro-insurance
4. Empower microfinance practitioners to boost their efficiency and effectiveness
5. Enhanced synergy in the activities of German organizations as well as create a deeper collaboration in development for specific areas in the microfinance sector.



**Project is
funded by**



Through our projects, AFOS supports the round-table initiative of the German Embassy/Consulate under the coordination of German Chamber of Commerce and Industry (AHK) in Nigeria and GIZ Nigeria.



Collaboration with the Frankfurt School of Finance & Management is Driving Effective Project Results

AFOS INGO has partnered with the Frankfurt School of Finance & Management and the Microfinance Agricultural Learning and Development Centre (MLDC) to deliver best in class learning and development intervention programs that addresses identified gaps within the microfinance sub-sector, most especially in championing sustainable agricultural lending.

The service agreement between AFOS-INGO-NIG and the Frankfurt school allows the later to facilitate Agricultural finance trainings for microfinance banks in Nigeria starting first with an annual summer school - a blended microfinance Master Class championed by MLDC with support and sponsorship from AFOS within the duration of the AGRAR II project life.

The programme adopts a hybrid delivery method with both a physical and virtual component. While the classroom sessions are delivered in cities in Nigeria by the Frankfurt school's local consultants, online sessions are delivered virtually directly from the Frankfurt school.



Designed for microfinance banks in Nigeria, the Agricultural finance training is a blended 4-week programme comprising of eight (8) modules of core and detailed business case appraisal on farm economics, agricultural lending, and Agricultural insurance of the smallholder farmer. The programme is to create more awareness within the microfinance sector on agricultural financing, to empower microfinance banks to lend sustainably to agriculture.

This 4-week blended programme has so far been completed in three (3) geo-political zones namely, North Central (converged in the Federal Capital Territory), South East (converged in Imo state) and South West (converged in Lagos and Oyo state).

Starting from March 2022, the pilot run was launched in Lagos state, followed by roll-out sessions in Ibadan covering the South-West zone, and Abuja (September 5th - October 21st) covering North-Central zone. In each zone, the 4-week training delivers the complete 8 modules of the programme, participants are certified based on their successful completion of the programme determined by at least 80% of attendance and participation in all 8 modules.



8 modules delivered in the project:

1. *Farm economics and management*
2. *Group and individual financing for smallholder farmers*
3. *Agricultural credit appraisal with business case*
4. *Financing Agric business and agricultural value chain*
5. *Risk mgt in agricultural lending with business case*
6. *Agric policies and regulatory compliance in agricultural lending*
7. *Agricultural insurance and business case of Agric micro-insurance*
8. *Digital agricultural finance*

The target is to train 180 loan officers and managers, who are key decision-makers in their respective microfinance banks, spread across 5 geopolitical zones in Nigeria. So far, 44 loan officers and managers have been certified (South-West 21, North-Central 23).

The Agric Finance project is designed to accommodate a class size of 30 (2 participants per MFB) to a tune of 15 banks from each of the zones in addition to the banks that participated in the pilot run held in Lagos state.

For monitoring and subsequent measurement of project outcomes, partner MFBs should have in place:

1. An Agric finance Desk/unit with a minimum of an officer trained under this scheme and groomed to manage and provide a solid back up for the smooth and reliable running of the project.
2. Effective and efficient delivery of Agric finance products to the microentrepreneurs and small holder farmers is successfully translated into business growth and sustainability.
3. Monthly report of performance of the Agric loan portfolio of the Microfinance partner.
4. Regular refresher trainings on agricultural finance



Officials of the Central Bank of Nigeria (CBN) speak on Agric Credit Guarantee Scheme Fund and Interest Draw Back at the AFOS-sponsored Agricultural Finance Training Programme delivered in Collaboration with the Frankfurt School of Finance & Management.



The AFOS-Frankfurt Agric finance project is enabling the microfinance industry to understand the business of smallholder farmers, to boost agricultural lending as well as agricultural production.



Group discussions and knowledge sharing session



Other Activities in Q4

December 5th, 2022 - Juliet Adekoya joins AFOS Nigeria as Head of Finance, Admin & HR.

Juliet Adekoya is a Chartered Management Accountant, a Certified ISO Internal Auditor as well as a Certified OHAS Personnel. She will be working with the team on all financial, administrative and HR related activities as well as supporting in all other relevant project activities.



December 9, 2022

AFOS Partners with the Delegation of German Industry and Commerce in Nigeria - DGIC (AHK) for the Alignment of the AFOS Technical Vocational Education and Training (TVET) program.



AFOS Foundation desires to collaborate with national and international institutions to align and benchmark its program offerings as it continues to facilitate the provision of up-to-standard trainings within its AGRAR II Project in Nigeria. Thus, AFOS intends to institutionalize its TVET program by obtaining accreditation for the ATC under the Microfinance Agricultural Learning and Development Centre (MLDC) to deliver TVET trainings.



**Delegation der Deutschen
Wirtschaft in Nigeria**
Delegation of German Industry
and Commerce in Nigeria

While the Foundation's national focus targets alignment with NBTE and other government institutions, it also intends to collaborate with institutions of international reputation and acknowledged pedigree in the area TVET certification procedures and programs such as the DGIC.

This collaboration between AFOS INGO and DGIC International Business Services allows the Parties to establish a link to foster cooperation for the development and implementation of collaborative processes for the alignment of AFOS TVET program offerings and the ATC with national and international standards and for trainees to obtain certificates with global relevance.

The AFOS INGO Nigeria has executed a collaborative agreement with the service unit of the Delegation of German Industry and Commerce in Nigeria for the alignment of the AFOS' Technical Vocational Education and Training (TVET) program offerings and an Agricultural Training Centre (ATC – a training hub initiated by the AFOS Foundation for the Agric Industry in Nigeria), to national and international certification standards.