AGRICULTURE SUMMIT AFRICA

COMMUNIQUE

ENGINEERING A TRILLION DOLLAR AGRICULTURAL ECONOMY

APPRECIATION

The Agriculture Summit Africa is immensely grateful to her faculty of speakers, panelists and contributors for lending their support towards the success of this year's summit.

Special recognition goes to the following organizations:

Content

Day 1

Day 2

1.0 PREAMBLE

The 2022 Agricultural Summit Africa (ASA), was a hybrid event focused on the agricultural sector.

In its fifth anniversary, the theme:

ENGINEERING A TRILLION DOLLAR AGRICULTURAL ECONOMY,

and as usual, the Summit brought together key stakeholders of the agriculture sector from the heads of key organisations.

The theme of this year's Summit is aimed at providing actionable insights from the conversation started the year before.

Therefore, the forum has attracted thousands of participants ranging from farmers, policymakers, financial institutions, governments, the investing community, and thought leaders to discuss opportunities in the agriculture value chain.

The welcome address was given by the Chairman of Sterling Bank – Mr. Asue Ighodalo. A keynote speech was delivered by the Strategic Initiatives Lead Africa, RaboBank - Kevin Kabatsi while the Hon. Commissioner for Agriculture of Lagos State - Ms. Ruth Abisola Olusanya, gave a goodwill Message

The following speakers presented during the panel sessions:

Sandy Eyal
CEO, CropIT

Ms Adetola Adegbayi
Executive Director, Technical Services/Operations
Leadway Assurance Company Limited.

Wassim Elhusseini
Nestle MD, Nigeria

Femi Aiki
CEO, Foodlocker

Dr. Olushola Obikanye
GH, Agric Finance and Solid Minerals, Sterling Bank

Akeredolu Ale
MD, Lagos Commodities and Futures Exchange.

Gbenga Awe
GH, Agric Finance and Solid Minerals, SAF

Oluyemisi Iranloye
CEO Psaltry International Limited

Nnaemeka Ikegwuonu
Chief Executive Officer (CEO) ColdHubs Limited

Jehiel Oliver
Founder and CEO of Hello Tractor

Kevin Kaminka Kabatsi
Strategic Initiatives Lead for Africa at Rabobank

Mira Mehta
Co-Founder and CEO of TomatoJos

Ihua Elenwor
Interim Coordinator, Nigeria Commodity Exchange(NCX)

Ayo Arikawe
Co-Founder of ThriveAgric Limited

Ms. Ruth Abisola Olusanya
Hon. Commissioner for Agric, Lagos State

Victoria Madedor (PHD)
Agribusiness Expert (BDSP Consultant) and Co-Founder Agroverified

Helen Emore
CEO of Scientia Partners

Taiwo Ayoade FCA
Director , Plantation Industries Limited

Maxwell Olitsa
Country Team Leader Nigeria and Egypt, 2Scale

Opeyemi Rotimi
Founder and CEO, JR Farms Limited

Jide Arowosafe
Director, SWAgCo Limited

Erhagbai Uduokhai
Senior Account Executive for the Financial sector in Nigeria & Ghana, Microsoft

Confidence Odionye
CEO, Beat Drones

The panel discussions focused on issues around the challenges plaguing the agriculture sector and the key solutions to those issues, particularly:

- Import Substitution as a Key to Unlocking Growth
- Maximising Agricultural Productivity through Sustainable Means
- Disruptive Technology and Agriculture - A Convergence of Innovation
- Agro-Commodities Trades and Exchanges as the Path to a Valuable Future.

2.0 OBSERVATIONS

- Key areas of agriculture that require special attention in delivering the desired growth to power the trillion dollar economy are: the political landscape and institutional framework, national plans and the delivery mechanisms for bringing the plans to life.

- Some of the challenges faced by smallholder farmers include: digitisation, lack of good agricultural practices, access to markets, pricing and logistics, lack of timely crop payments and availability of credit. Some of these challenges were caused by the lack of adequate funding in the agriculture sector, and in some cases have an even more detrimental impact to the category of funding the farmer can access.

- Policy makers and stakeholders have to think of the sector end-to-end in order to provide the right kind of solutions targeted at the sector. The end-to-end assessment of the sector should also be tailored to different crops in order for it to be implementable.

- One of the challenges in the agriculture and agro-processing sector is the lack of synchronisation of policies. Several sectors have their different policies, however, these policies often contradict each other confusing the stakeholders in the sector.

- Smallholder farmers are critical to the agriculture sector and he mentioned that the goal of agriculture in Nigeria is not just about implementing policies for productivity but also implementing these policies to improve the economy. Sterling Bank is the nation's foremost bank providing agricultural finance in the sector.

- To grow Nigeria's agriculture sector, there is a need for farmer awareness and social engineering, to help the smallholder farmers understand how to structure their finances better and improve their productivity at the farms. Also, there is a need for investment in other aspects of the value chains such as transportation and storage to improve the output of the sector.

- The right mix of funding (equity and long-term debt funding) is required for investment in the agriculture sector. However, to attract equity investors, the right risk sharing structure (that informs investors of how their investment is protected if risk occurs) is required.

- Data is oil and stakeholders in the Africa Continental Free Trade Area (AfCFTA) require data to function and drive innovation. Credible and available data boosts confidence for investors, regulators, trade partners and other stakeholders.

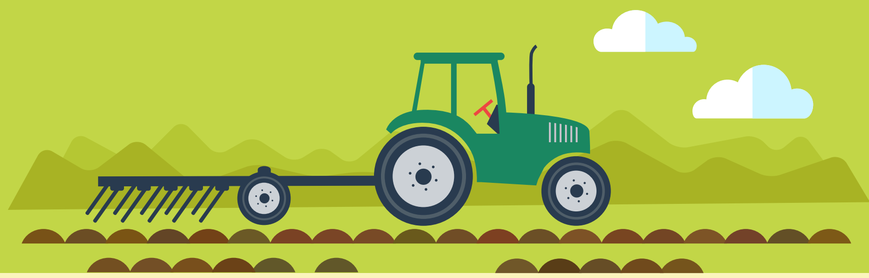
- Average food prices rose 15% between January and September 2022. However, the regional distribution of the price changes were very varied. Kwara State had seen a 33% year-on-year increase in food prices, compared to 19% witnessed in Sokoto. This showcases how consumers can experience vastly different changes in price even in similar regions, reflecting volatility.

- Storage facilities play a critical role in the success of the commodity exchange. Nigeria currently has idle infrastructure that can be utilised in a form of lease agreement with some warehouse owners, and rented out to smallholder farmers. These sort of arrangements also ensure quick turnovers for the farmers.

- Collaboration within the agriculture ecosystem is critical to the success of the entire sector. The Nigerian Commodity Exchange (NCX) can have access to huge warehouses for storage and could collaborate with smaller exchanges to provide services to farmers, leading to a structured and competitive market.
- The key to building a trillion dollar economy revolves around enabling the four factors of production: Capital (access), Land (yield), Labour (productivity) and Entrepreneurship (innovation).

DAY ONE

INTRODUCTION



The agriculture sector in recent years has been faced with unprecedented challenges globally. While the world was still attempting a recovery from the impact of the COVID-19 pandemic, the Russia-Ukraine war happened, leading to food shortages globally, given the role of both countries in global food distribution.

As of 2021, the warring countries accounted for one-third of global wheat exports and one-fifth of the international corn trade (World Trade Organization (WTO)). Therefore, the global food prices increased significantly, especially in the vegetable oils and cereal segments. This led to nationalistic actions by commodity suppliers like Indonesia which temporarily restricted food supply to other countries while favoring theirs.

The food index prices have somewhat stabilised now, although they're still much higher than the pre-COVID numbers, and several agreements have been reached for Ukraine and Russia to continue producing to the world.

Locally, the situation is not so great. Food inflation in Nigeria is the highest it has been in the last decade, mostly driven by structural issues like transportation challenges and insecurity. The effect of this is bound to linger for a couple of months, given the severe flooding in the North Central states where food is mostly produced in Nigeria.

All these show how vulnerable the country's agricultural sector is to external shocks, preventing it from yielding its benefits. The theme of this year's Summit, "Engineering a Trillion Dollar Agricultural Economy", however acts as a reminder of the potential of the agriculture sector in Nigeria.

This sector remains the highest employer of labour (with over 40% of the labour force) and contributor to GDP in Nigeria (around 25%). Therefore, its role in generating multiplier growth across various parts of the economy is undeniable.

Therefore, the goal of the Summit this year is to explore practical solutions to moving Nigeria closer to achieving the reality of a trillion dollar agricultural sector. With a wealth of experts across various aspects of the value chain like agriculture finance, precision farming, extension services, agro-processing and more, this year's Summit provided participants with actionable insights that are highly instrumental to the Nigerian economy.

Food inflation in Nigeria is the highest it has been in the last decade

DAY ONE

WELCOME ADDRESS

To kick off this year's edition of the Agriculture Summit Africa (ASA), The Chairman of the Board of Sterling Bank PLC, Mr. Asue Ighodalo, highlighted that this is ASA's fifth year and it remains a commitment to the agricultural sector—one of the bank's five sectors of specific focus: health, education, agriculture, renewable energy and transportation. He applauded the sponsors for supporting a strong platform for deep discussions.

He also mentioned the goals of the Summit; to show opportunities that abound in the sector, which inspired the theme of the Summit: 'Engineering A Trillion-Dollar Agricultural Economy'.

This year's theme dovetails from the preceding year's edition; Building A New Agro-Order, providing the necessary steps to actualize economic growth.

The Chairman acknowledged that manufacturing was critical to the growth of every developed country, as it was used to develop the agriculture sector. It's even more imperative to improve the yield and quality of agricultural output in Nigeria to achieve food security, take advantage of trade in the Africa region and achieve competitiveness and prosperity.

The Summit will focus on the methodology, effective implementation strategies and identifying viable processes, and responsibility assignment for each milestone. The speakers are known achievers and masters in their field.

He then went on to talk about the various segments of the panel discussion and the aims of these discussions in leveraging the opportunities in the sector.

DAY ONE

KEYNOTE ADDRESS

THE RABOBANK STORY

By: Kevin Kabatsi,

Strategic Initiatives Lead - Africa, RaboBank

Introduction

Kevin Kabatsi, the Strategic Initiatives Lead at RaboBank presented the RaboBank story and two initiatives that are critical to the development of finance for smallholder farmers

Aims and objectives

The objective of the conversation was to present the benefits of the agricultural exchanges in solving the challenges the Nigerian farmers are facing.

Summary of the address

The session began with the history of RaboBank, one of the world's largest agricultural banks. Although the bank is of Dutch origin, it currently operates in almost all continents in the world. So far, it has provided about 37 billion worth of lending to food and agribusiness companies across the world.

Its operations in Africa, however, are sparse with only one representative office in South Africa and partnerships with pan-African banks like Ecobank. It is also working on strengthening its footprint in Nigeria with a partnership with Sterling Bank that will be launched later imminently.

The second segment of the keynote address began with the speaker setting the agenda for the role of commodity exchanges in improving agriculture for Nigerian farmers.

Some of the challenges highlighted were:

digitisation, lack of good agricultural practices, access to markets, pricing and logistics, lack of timely crop payments and availability of credit. Some of these challenges were caused by the lack of adequate funding in the agriculture sector, and in some cases have an even more detrimental impact to the category of funding the farmer can access.

RaboBank currently collaborates with MasterCard to provide its commodity exchange, which is focused on solving the challenges by providing a host of interconnected solutions like farmer profiling, digital markets, access to financial services like credit, savings and insurance, agri-input management and real-time support for farmers. These solutions have already been provided in India and RaboBank hopes to expand to Nigeria.

Another category of people that stand to benefit from the solution are financial institutions looking to grow their agriculture portfolio in Nigeria.

Finally, the speaker introduced the Acorn solution, which is an initiative targeted at combating climate change, land degradation and food insecurity globally. The whole idea of the initiative is to transform farmers' systems from monoculture systems, however much time it takes.

The issue with monocropping is that the farms are highly sensitive to climate change and soil depletion. Another issue faced due to monocropping is the low yield of the farmers and deforestation. However, farmers are unable to do this because of the huge investment cost—in terms of input costs and the knowledge required to successfully carry out multicropping. Hence, Acorn aims to connect smallholder farmers with large corporations seeking emissions reductions through local-based NGOs and food and agribusiness companies.

The role of the middlemen is to transmit the farm data to the large corporations on behalf of the farmers. The bank is looking to introduce these initiatives to Nigeria.

DAY ONE

GOODWILL MESSAGE

By: Ms. Ruth Abisola Olusanya
Honorable Commissioner for Agriculture, Lagos State

During her speech, she focused on what is required to get a trillion dollar agriculture sector in Nigeria. Over 20,000 people die of hunger every day, which emphasises how critical food is, not just for economic development but also for basic human survival.

This also sheds light on the gaps in the agriculture sector, and its vulnerabilities due to the impact of the geopolitical wars and climate change (through floods and droughts) on the economy. Hence, engineering a trillion dollar economy couldn't be more emphasised at a time like this.

Another area of concern that the Commissioner highlighted was the impact of the lack of developing the economy adequately on the human capital in Nigeria. In recent times, there has been a massive wave of resignations and brain drain in Nigeria, which is bound to get worse if the economy is not developed.

Also, in 2050, when the global population has increased to about nine billion people, there will be an increased demand for water and land which could lead to even more geopolitical wars.

In proffering a solution forward, she reminded the audience of countries which relied on agriculture at the inception of their high growth journey such as Vietnam and Brazil. She also drew the attention of the audience to key areas of agriculture that require special attention in delivering the desired growth to power the trillion dollar economy.

These areas are: changing the political landscape and institutional framework, a national plan and the delivery mechanisms for bringing the plans to life. Lagos has comparative advantage in fishery and red meat (such as sheep, goat and cattle) rearing. The state has also built the largest rice mill in Africa, and the third-largest in the world, which will be commissioned this year.

In implementing the various goals the state has planned in the agriculture sector, the state will be working closely with the Agriculture Sector Supervisors in the various local governments which is aimed at implementing the policies properly due to their proximity to the farmers and other agriculture stakeholders. She closed the session by referencing the huge gap in the agriculture sector, which further reiterates the potential for the agriculture sector in Nigeria.

> **"In 2050, when the global population has increased to about nine billion people, there will be an increased demand for water and land**

DAY ONE

PANEL ONE

IMPORT SUBSTITUTION—UNLOCKING GROWTH IN THE ERA OF VALUE CHAIN FINANCE

Moderator:

AfricanFarmer Mogaji
Africanfarmer

Panellists:

Wassim Elhusseini

Represented by
Victoria Uwadoka
Corporate Communications and Public Affairs Manager at Nestle

Yemisi Iranloye
CEO, Psaltry Limited

Ayo Arikawe
Co-founder, ThriveAgric

Panel Focus

The first panel discussion was aimed at establishing actionable solutions to replacing Nigeria's dependence on importation for consumption and manufacturing—particularly agro-processing. The panel also extensively discussed ways to improve Nigeria's ability to locally source inputs to reduce the dependence on imports.

Summary

The session began with the panellists acknowledging that the COVID-19 pandemic and geopolitical tensions have exposed the vulnerabilities of the global supply chain, and how reliant it is on importation. Locally, there are more peculiar issues plaguing Nigerians and making imports more expensive. One of such issues is the volatile foreign exchange rate and policies around importation such as increased import tariffs on selected agriculture goods. Therefore, the only sustainable way to keep consuming and processing agriculture products in Nigeria is by sourcing inputs locally.

When asked to share case studies of import substitution done by panellists' companies, Mrs. Uwadoka shared Nestle's experience sourcing the majority of their palm oil, cocoa, corn and soybeans locally. The company has successfully done this for over a decade. The company is also looking to deepen its dairy supply today.

One major hindrance to this, as shared by Ms. Uwadoka is that initially the company had a 30% rejection rate at the farmgate, but this has been successfully reduced to 4% as a result of the training and education of farmers.

Contributing to this conversation, Mrs. Iranloye highlighted that the key to import substitution is first understanding the components of the value chain of various products. Along each segment of the value chain, it is critical to understand the finance needs of each segment of the value chain. How much do the farmers need? How much do the aggregators need? Each of the stakeholders must also understand their role in generating the desired output in the value chain.

Mrs. Iranloye also acknowledged that a lot has been done to improve the output of the agriculture sector, through the grants and loans given by the Central Bank of Nigeria and the Federal Government. However, much more can be done in terms of understanding the needs of the farmers and providing them with the required funding for their operations.

This is why the collaboration between RaboBank and Sterling Bank is critical to the growth of the sector.

Mr. Arikawe's experience with almost 500,000 farmers was highly instrumental in the conversation, as he noted that knowing the farmers and providing farmer education is critical to the development of agriculture in Nigeria.

To buttress the case, he gave case studies of Thrive Agric's collaboration with the USAID to work with over 50,000 farmers, which was essentially the USAID relying on the data collected by Thrive Agric. Another case study shared by Mr. Arikawe was another collaboration between Thrive Agric and IFAD to work on resilient broiler varieties, which are able to withstand harsh environmental conditions.

To answer the question on the policies required to improve Nigeria's import substitution goals, Mrs. Uwadoka mentioned that one of the challenges with policies in the agriculture and agro-processing sector is the lack of synchronisation of policies. Several sectors have their different policies, however, these policies often contradict each other confusing the stakeholders in the sector.

Therefore, the first solution to the issue of policies in the agriculture sector is the need to ensure that all policies are complimentary. Another recommendation by Mrs. Uwadoka is that the policies have to be tailored to the Nigerian agricultural sector, rather than attempting to implement policies modelled after policies in Europe.

Supporting Mrs. Uwadoka's point, Mrs. Iranloye mentioned that the Nigerian sector still lacks many policies. For instance, there are some new products which have been introduced into the Nigerian market, but without the proper regulatory standards—set by the regulators and policy makers for the products, it's difficult for multinationals to buy from the farmers or agro processors. With regulators setting standards for new products, there is a need to build required infrastructure such as laboratories for analysis of the food items.

Mr. Arikawe contributed by saying that foresight is needed for new products. But beyond that,, transparency and communication is critical for policies in the sector.

Typically, it's difficult for stakeholders in the sector to know what policies exist and when new policies are required to improve the sector. That is, the process required for updating the existing policy is burdensome and difficult to understand.

"Banning is hardly ever the solution to import substitution

Mrs. Uwadoka first established that banning is hardly ever the solution to import substitution because the cost of doing business locally is high. Therefore, banning will only create an avenue for smuggling which is worse.

For the domestic market to compete with imported or smuggled goods, the quality of the foods have to be very high and the cost of production has to be low to compete with imported goods. Also, while attempting to protect the local industry, there can be a focus on specific products. For instance, the US focuses on producing tomatoes for processing, while importing fresh tomatoes from countries like Mexico.

But, the government cannot protect the domestic industries for so long, Mrs. Iranloye highlighted. One way agricultural product suppliers can reduce their cost of production is by collaborating with other private organisations to share the cost of supplying inputs.

For instance, Psaltry collaborated with Nestle, which helped to reduce the cost of production. Mrs. Iranloye further explained that the government's involvement in these sectors should be at the beginning stages—at the level of providing inputs in the sector, in order to improve the yield of the farmers.

When reviewing the practicality of the Indian method multiple standards for products in Nigeria, Mrs. Uwadoka was against multiple standards for the same product, stating that it's better to work towards a uniform standard for the products. To reiterate the point, Mrs. Iranloye mentioned that Nigerian products can compete favourably with foreign producers. Hence, the standard should be the same.

However, the cost of permits and licensing for agro processing is quite high. Hence, rather than focus on charging high rates for the permits that are not accessible for many agro-processors (particularly the SMEs), the government can attempt to provide varying permits for the packaging of the product, but the content must remain the same.

When asked about the Anchor Borrowers' Program (ABP), all the panellists agreed that the program has the potential for success but has to be better implemented.

Mrs. Uwadoka recommended that there is a need to have more accurate data about the farmers, in order to improve the service offerings to them. Also, Mrs. Iranloye highlighted that asking the anchors—the private sector companies- to act as offtakers to the Nigerian farmers, puts a lot of pressure on their cash flow and given how volatile the agriculture sector can be, the private companies have to bear most of the burden of the loss if the farmers don't pay. She also mentioned that the timing of the funding is critical to the success of implementation.

Typically, the funding does not get to the farmers till around November, during the harvest season. Therefore, farmers have to wait till next year to use the funding. The issue with that is that they usually use part of the money before the farming season, reducing their possibility of producing optimally.

Conclusion

In closing out the conversation, the speakers reiterated some of the points made during the session.

- Policy makers and stakeholders, particularly those focused on financing, have to think of the sector end-to-end in order to provide the right kind of solutions targeted at the sector.

- End-to-end assessment of the sector should be tailored to different crops in order for it to be implementable. The session ended with Mr. Arikawe assuring the audience that there are still opportunities for growth in the sector.

SPECIAL PRESENTATION BY LEADWAY ASSURANCE

DAY ONE

MAXIMISING AGRICULTURAL PRODUCTIVITY SUSTAINABLY- ENGINEERING A TRILLION DOLLAR AGRICULTURAL ECONOMY

Introduction

In introducing the panel to key issues before the discussion, Ms. Adegbayi started off with the outlook of the Nigerian economy and stated that the Nigerian economy is poor largely because of the underutilisation of its resources.

Nigeria, compared to its peers, has a high GDP but falls short under the GDP per capita. Nigeria's agricultural contribution boils down to producing more primary goods—required for consumption or as inputs for manufacturing. We are yet to cultivate the potential for arable land.

Executive Summary

In a bid to engineer a trillion dollar economy, the government would have to improve certain areas. She gave five recommendations on how to take Nigeria from where it currently is, to where we project it to be; a trillion-dollar agricultural economy.

The first recommendation is that more investment needs to go into the sector, particularly crop production and livestock. Another recommendation was the improvement of the manufacturing sector. Food, beverage and tobacco only contribute 5% to Nigeria's GDP, which means that the country is still largely producing raw materials, but not finishing our goods.

The goal of this is that when we improve the quality of our goods, when we finish the production, it not only serves the domestic demand but also exports.

The government must move from a mindset of growth to that of development, by improving human capital development through agriculture. More investment needs to go into more sustainable agricultural investment, to reduce the impact of the flooding and other climate change hazards.

While insurance can be introduced to help farmers and other agriculture sector stakeholders manage the impact of losses, the farmers and other stakeholders will have to spend some valuable time getting their farms back to the initial stage it was before the losses were incurred. Stakeholders need to be able to draw up simple risk maps.

It's also critical for the sector players to think about enterprise risk before investing in the sector in order to know what risks can be covered by insurance and what risks can't.

Insurance companies are unlikely to cover risks that are likely to happen. Hence, these must be understood by the companies and mitigated against.

There are various insurance products or risk aversion products that are provided by Leadway Assurance, such as the indemnity based and the Area Yield Index insurance. The Area Yield Index insurance is one where the farmers are compensated for low output. This is typically embedded in the fertiliser and seed product sales to encourage adoption and protect the farmers.

DAY ONE

PANEL TWO

MAXIMISING AGRICULTURAL PRODUCTIVITY THROUGH SUSTAINABLE MEANS

Moderator:

Ms. Adetola Adegbayi
Executive Director, Technical Services/ Operations, Leadway Assurance Company Limited.

Panellists

Mira Mehta
Co-Founder and CEO of TomatoJos

Nnaemeka Ikegwuon
Chief Executive Officer (CEO) ColdHubs Limited

Jide Arowosafe
Director, SWAgCo Limited

Olawale Rotimi
Founder and CEO, JR Farms Limited

Ruskiyat Badmus
Technical Advisor, GIZ Nigeria

Summary

To kick off the conversation with the panellists, Ms. Adegbayi, who was the moderator of the session, asked how each participant works in the sector and the risks they are exposed to, as a result.

Mira Mehta, the founder of TomatoJos started by introducing her company as an agro processing company focused on tomato production with inputs from farmers in their outgrower system. Mr. Jide Arowosafe, the director of SWAgCo Limited explained SWAgCo's service offerings as an agriculture investment company.

In highlighting the challenges faced as a business, Mr. Arowosafe mentioned issues such as the lack of structure in the agriculture space. He also advised that the sector has to have a widely accepted definition of innovation in order to decide on the right kind of capital required to generate and boost that innovation.

Finally, he highlighted the need for farmer awareness and social engineering, to understand how to structure their finance better, improve their productivity at the farms and more. Also, there is a need for investment in other aspects of the value chain such as transportation and storage to improve the output of the sector.

In response to the issue of improving the structure of various aspects of the value chain, Ms. Adegbayi asked the respondents how the agriculture sector can attract patient capital like equity funding that is sufficient to meet the infrastructure and structure needs of the agriculture sector. To respond to that, Mr. Arowosafe mentioned that the right risk sharing structure (that informs investors of how their investment is protected if risk occurs) is required to attract investors.

The Central Bank of Nigeria (CBN) has improved the potential for this with the creation of Nigerian Incentive-based Risk Sharing system for Agricultural Lending (NIRSAL) that can guarantee the farmers. He also included that the right technology is required to guarantee maximum productivity in the sector that protects their value and their expectations. To finalise his response, he mentioned that there is also a need for a mix of funding options i.e. equity and debt funding.

Agreeing with his point about a mix of funding, rather than just one type of funding, Ms. Mehta spoke about how the banking sector with high interest rates is not encouraging as the interests eat into the farmers income. She further explained the need for investors and financiers that understand the long gestation periods of the agriculture sector.

For instance, sometimes it takes as long as ten years for some companies to break even. Therefore, the investor must be willing to endure that long for the business to break even in order to earn his/her return on investments. The point was further corroborated by Olawale Rotimi.

The second segment of the conversation was targeted at promoting sustainable agriculture businesses in Nigeria. For this segment, the moderator, Ms. Adegbayi introduced Emeka , founder of ColdHubs. He introduced ColdHubs as a cold storage company that operates across Nigeria, and highlighted that one of the key issues faced by the company is the lack of infrastructure development in the country. However, due to internet difficulty, his session was cut short.

To take the conversation further, Olawale Rotimi, the founder of JR Farms introduced his company as one which operates in three countries—Nigeria, Rwanda and Zambia. In Nigeria, JR Farms processes cassava, in Rwanda they process coffee and they have a chain of coffee shops in Nigeria. Some of the key constraints to proper business operations faced by JR Farms include insecurity, high cost of electricity and human capital—staff turnover.

There has been a high level of insecurity in the South West which has severely hampered the operations of factors in the region. The increased cost of diesel has made the cost of electricity higher.

Long-term, highly subsidised loans are critical to the growth of the agriculture sector

On the point about human capital issues, Mr. Rotimi mentioned the high turnover of staff and poor enforcement of the employment contract, as some of the issues faced by the sector. To solve the problem, the company has attempted to train people and keep them in pools; where they employ them in the event that they lose their staff.

Moving ahead in the conversation, the issue of engaging farming communities as an avenue to reduce instances of insecurity was brought up. In response to this, the panellists agreed that working with farming communities is good because it helps farmers source for cheaper inputs than it would have been if they sourced the inputs individually. However, it doesn't solve the issue of insecurity as it doesn't give the farmers better security.

The final panellist, Ruskiyat Badmus, introduced herself and spoke extensively about the program she works with which promotes agro financing across nine countries in Africa, and across the rice, maize, cassava and tomatoes value chain. The program provides benefits to the financing companies and the farmers themselves.

Contributing more to the conversation about financing, Mr. Rotimi mentioned that long-term, highly subsidised loans are critical to the growth of the agriculture sector.

Ms. Mehta mentioned how the government already subsidises funding in the agriculture sector through the Anchor Borrowers' Program and other agriculture programs through the CBN and the Ministry of Agriculture.

On the issue of insecurity, Ms. Mehta explained that the insecurity issue has made farmers more prone to take up the in-grower, where they plant on TomatoJos' farms, rather than farming on their personal farms. The reason for this is because they are assured of better security on TomatoJos' premises through the employment of members of the Armed Forces.

While on the farms, the farmers are motivated by seeing members of the core TomatoJos team working with them on the farm. Agriculture companies have had to pay for security in the absence of adequate security from the government.

Conclusion

Final remarks from the conversation were basically aimed at reiterating the issues raised during the discussion. First was that agriculture is a business and should be treated as such.

In addition, there is much value to be derived from cross-border agriculture trade, particularly under the AfCFTA agreement. Thai also helps businesses to spread their risk beyond Nigeria to other African countries.

DAY ONE

CLOSING REMARKS

The Group Head of Agriculture and Solid Minerals at Sterling Bank, Dr. Shola Obikanye, brought the first day of the Summit to a close by reiterating the importance of the Summit, given the role of food security in Nigeria.

He also applauded the panellists for skillfully answering the questions and shedding light on important issues in the sector required to unlock great potential as Africans.
Smallholder farmers are critical to the agriculture sector and he mentioned that the goal of agriculture in Nigeria is not just about implementing policies for productivity but also implementing these policies to improve the economy.

Sterling Bank is the nation's foremost Bank providing agricultural finance in the sector. With this, he commended the audience for their attention during the session and closed out Day One.

DAY TWO KEYNOTE ADDRESS

Mr. Erhagbai Uduokhai kicked off the session by extending greetings to the diverse panellists and stakeholders.

Aim & Objectives

This keynote aimed to raise awareness of Microsoft's approach to innovative solutions to Agriculture in Africa, in order to provide a global perspective on how technology contributes to agriculture; as well as set the tone for the subsequent panel sessions.

Executive summary

Mr. Uduokhai pointed out the global challenges facing agriculture, including the poor livelihoods of farmers, meagre growth in global food production, and some environmental factors.

He also noted some challenges facing operations on the farm and the larger community, including low access to credit facilities, brain drain, lack of access to quality health care, etc.

Mr. Uduokhai highlighted ten agri-trends that will reshape the agric landscape: Internet of Things (IoT), Artificial Intelligence, Precision Agriculture, Agri Biotech, Robotics, Drone, Big data & Analytics, Controlled Environment Agric, Regenerative Agric, and Connectivity Technology.

He spotlighted innovative solutions like GIS & drone-based imagery, weather data analysis, etc., being deployed by Microsoft in the production process.

Mr. Uduokhai explained the four broad ways technology could impact Agriculture: Precision Agric, Connected livestock, Connected field services, and Harvest management.

He also went through some successful use cases of how technology has been used to solve real-life agricultural problems. Such cases included WaterForce (New Zealand) partnering with Microsoft to drive water conservation, Mars Food using cloud services to track its rice supply chain, etc.

DAY TWO

INTRODUCTION

Tolu Ojewunmi was present again to welcome participants and run through the previous day's activities. He spotlighted some major points raised, such as the importance of Nigeria weaning itself off imports that do damage to our foreign reserves and the possibility of unlocking another layer of value beyond import and export via technology.

This was followed by the rollback of the welcome address by Mr. Asue Ighodalo, Chairman, Sterling Bank, welcoming guests to the 2022 edition of the Agriculture Summit Africa (ASA) focused on engineering a trillion-dollar agricultural economy.

The video presentation ended with highlights of some keynote speeches from the previous day. Tolu then provided some insight into the line-up of discussions for Day 2.

A short presentation by Stears Insights demonstrated how Nigeria lags behind its peers in essential irrigation and fertiliser use. The presentation stressed the importance of innovation for growth but also food sustenance, evident in the increased number of companies introducing technology into their framework and reaping the rewards.

PANEL ONE

DAY TWO

DISRUPTIVE TECHNOLOGY & AGRICULTURE – A CONVERGENCE OF INNOVATION

Moderator

Erhagbai Uduokhai
Senior Account Executive for the Financial Sector in Nigeria & Ghana, Microsoft

Speakers

Maxwell Olitsa
Country Team Leader Nigeria and Egypt, 2Scale

Confidence Odionye
CEO, Beat Drone

Victoria Madedor (PhD)
Agribusiness Expert (BDSP Consultant) and Co-Founder Agroverified

Jehiel Oliver
Founder and CEO of Hello Tractor

Femi Aiki
CEO, Foodlocker

Dotun Paul Oguntade
Chief Operating Officer, CropIT

Introduction

Mr. Uduokhai introduced the first speaker—Mr. Olitsa for the first session of the day.

Mr. Olitsa started off by explaining that 2Scale, is a Dutch funded program that manages a portfolio of Public Private Partnerships (PPP) in the agri-food sector. 2Scale utilises Agric clusters to connect farmers and their local network to markets. 2Scale has demonstrated innovation in solving Agric challenges in two ways, on farm (inputs and production levels) and off-farm.

On-farm innovation has involved leveraging AI and digital innovation to upgrade farm inputs and introducing eco-efficient technology like solar panel powered irrigation in output production.

Mr. Olitsa emphasised the importance of training and equipping these farmers to be able to grow on their own, without much government intervention Off-farm practices on the other hand have involved partnering with FinTechs and financial partners to make credit readily accessible to farmers and drive financial inclusion.

Mr. Olitsa then noted that being able to bring all these services together within the value chain would enable the Agric sector to move beyond just food production to addressing food and nutrition security in a way that is digitally trapped.

Mr Confidence went next, explaining that at Beat Drone, their motto is to "empower solutions" leveraging successful case models that's been tailored down.

He noted that Nigeria spends about $2.5 billion annually on rice imports, largely from Asian countries mainly because locally produced rice is more expensive than imported ones. At Beat Drone, the goal is to provide solutions that ensure locally produced goods are cheaper to produce and enough to meet demand.

Mr Confidence noted that Beat Drone is committed to reducing inefficiencies in crop production e.g. Through the use of drone technology in spraying farmlands. This has improved farm harvests and also reduced costs of production for farmers by over 60 - 70%.

Mr Confidence went on further to state that adopting drone technology has helped farmers with data and insights that enable them access credit facilities and even identify healthy crops.

The end goal, which he noted is bringing the cost of production so low; food becomes cheaper and more affordable.

Up next was Dr. Victoria Madedor of AgroVerified. She explained that her organisation leverages AI and focuses on data, Know Your Customer (Know-Your-Customer) and due diligence. She noted that one of the major challenges involved with trade in Nigeria is a lack of transparency and traceability.

Dr. Victoria Madedor explained that AgroVerified helps to bridge that gap by validating and verifying agropreneurs within the ecosystem. This helps instil and boost investor confidence.

Next up was Mr. Dotun of CropIT. He described CropIT as an Agric Tech company that deals in the end-to-end process involved in accessing loan facilities from banks.
Mr Dotun explained that leveraging technology has enabled CropIT establish a credit scoring framework for farmers that enables optimisation in loan disbursement.

Mr Dotun emphasised the role technology plays in risk assessments for financial institutions and CropIT aims to bridge that divide.

He also spotlighted the importance of technology in providing extension services. At CropIT, they have been able to develop a model that links the people, farm processes and technology.

Beyond cultivation and monitoring, CropIT has also been able to capture post-harvest losses by introducing a metric storage system called Cocoon. The system helps farmers store farm produce for an extended period of time, which helps farmers optimise supply and maximise profit margins.

The fifth panellist, Mr. Oliver of Hello Tractor, explained that Hello Tractor developed a fleet management solution that is sold to farm equipment owners to connect them with smallholder farmers that can't readily afford to own a tractor.

This is done by placing GPS on tractors that allows the tractor owners to remotely control and manage their fleet and help them lease it out to small scale farmers. To date, they have about 650,000 smallholder farmers, booking these services via 3,500 booking agents and about 3,000 tractor owners.

Mr. Oliver also noted that in January, Hello Tractor launched a tractor finance product to support booking agents to own their equipment and address growing demand for tractor services.

In addition, Hello Tractor has an operator training program to ensure efficiency and yield optimization.

The final panellist of the session was Mr. Aiki of Foodlocker. He revealed that Foodlocker utilises precision agriculture and market access to meet the farm produce needs of large agricultural buyers and FMCGs. The main goal is to support African smallholder farmers with access to input, credit and market (demand).

Mr. Aiki explained that Foodlocker achieves this goal by adopting a fully integrated end-to-end supply to demand solution, with focus placed primarily on demand. Demand forecasts and then inform production trends, ensuring constant offtake of the farm outputs.

Moreover, Foodlocker leverages data and analytics to ensure operational efficiency and helps the farmer better qualify to access credit facilities.

Mr. Aiki also stated that Foodlocker empowers young farmers with the end goal of ensuring financial independence.

He concluded by noting that enabling the Agric sector involves ensuring access of these expensive technologies to smallholder farmers.

Key Takeaways from the Session

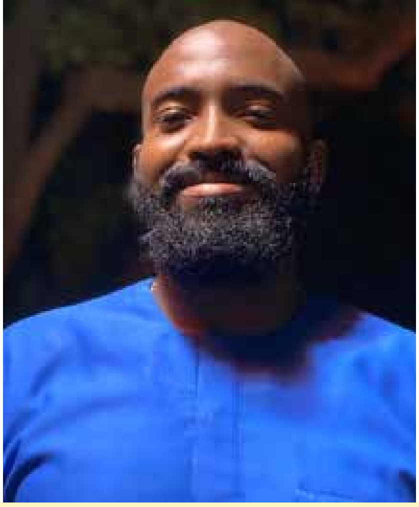
- *Mr. Confidence Odionye identified "cost" as the main factor affecting the adoption of innovative technology as a value-adding factor towards a thriving Agric sector. He explained that the need for technology is quite costly and ensuring access to the technologies, while ensuring value creation is critical to the sector.*

- *Dr. Victoria Madedor spotlighted data as the core of innovation and technology in improving productivity. "Data is oil" she says, and stakeholders in the Africa Continental Free Trade Area (AfCFTA) require data to function and drive innovation. Credible and available data boosts confidence for investors, regulators, trade partners and other stakeholders.*

- *To address the issues of environmental disasters (e.g Floodings), Mr. Oguntade explains that technology helps predict changes in environmental conditions and helps mitigate damages caused. Mr Confidence then concluded by supporting this view and stating that technology helps understand the topography of the land and even helps reduce carbon emission.*

DAY TWO

PRESENTATION BY STEARS



Mr. Micheal Famoroti (Co-Founder, Stears Insights) laid the groundwork for the session on how commodity exchanges can help contribute to the goal of achieving a trillion dollar economy.

Mr. Famoroti kicked off by highlighting the inherent volatility of commodity prices vis-à-vis other asset classes like bonds and equities. He noted that commodity prices experience variance in two major ways: volatility (E.g. The effect of seasons of prices) and unpredictability (inability to predict price changes) due to price inelasticity of both demand and supply.

Famoroti emphasised the importance of commodity exchanges in aiding countries like Nigeria to achieve price discovery and stability; which are both paramount to the development of the Agric sector.

He went on further to state that in Nigeria, average food prices rose 15% between January and September 2022. However, the regional distribution of the price changes were very varied. Kwara State had seen a 33% year-on-year increase in food prices, compared to 19% witnessed in Sokoto. This showcases how consumers can experience vastly different changes in price even in similar regions, reflecting volatility.

Mr Famoroti also noted the following statistics:

Tomato production has grown from 2.3mmt annually in 2016 to 3.8mmt in 2019 but still unable to meet Nigeria's consumption of 3.2mmt. This is due to waste and post-production losses

In 2019, the World Bank estimated that almost 75% of Nigeria's tomato production (worth about $2.5 billion) was lost, damaged or destroyed during the post-production process.

More generally, Nigeria has a severe post-production and loss problem. According to the World Bank, about 40% of goods produced are lost before getting to the final consumer. The major factors contributing to this are centred around transport, storage etc.

He then put it forward to the panellists to focus on how commodity exchanges can help solve these issues.

Following Mr. Famoroti's speech was a presentation from Stears Insights. It explained that supply chain disruptions and the Russia - Ukraine war had led to a surge in global food prices.

The presentation stated that Nigeria was also experiencing a surge in food prices, however primarily due to structural factors such as transportation, storage, insecurity and climate change.

In 2018, the President of the Sesame Seeds Association reported that transporting a trailer with 30 tonnes of goods from Taraba State to Lagos State, costs between N800,000 - N1 million. This compares highly to the N600,000 ($2,000) it costs to bring a container in from New York in the US.

Nigerians also experience high food inflation due to policies and farm losses. Rice prices have surged about 34% in less than a month due to flooding in the Middle-Belt and Northern regions.

DAY TWO

PANEL TWO

AGRO COMMODITIES TRADE AND EXCHANGES AS A PATH TO A VIABLE FUTURE

Moderator

Ihua Elenwor
Interim Coordinator, Nigeria Commodity Exchange (NCX)

Speakers

Mr. Taiwo Ayoade FCA
Director , Plantation Industries Limited

Gbenga Awe
GH, Agric Finance and Solid Minerals, Sterling Alternative Finance (SAF)

Akeredolu Ale
MD, Lagos Commodities and Futures Exchange

Executive Summary

Mr. Elenwor Ihua, the moderator, kicked off the panel discussion by welcoming the panellists and then handed over to the first speaker—Mr Akin Akeredolu-Ale (MD/CEO Lagos Commodities and Futures Exchange).

Mr. Akeredolu-Ale started by addressing the flood issues in Nigeria. He noted that Nigeria is a delta country i.e. has tributaries from various rivers, which means that Nigeria possesses good arable land.

He went ahead to explain that a commodity exchange is a legal entity that determines processes and procedures for trading standardised instruments and investment products. It could also refer to a physical centre whereby those transactions take place.

Compared to international markets, Nigeria's commodity market is still a greenfield, and that is why we are at the bottom of the pyramid when it comes to global supply of finished goods.

The commodities exchange, just like a stock exchange, also determines and enforces rules for trading commodity contracts and other investment products.

Mr. Akeredolu-Ale further noted that commodity exchanges are important for three main reasons:

1. Price discovery and transparency
2. Financing of the physical trade of commodities
3. Competitive markets price risk management

He explained that exchanges, through technology can help achieve price discovery by enabling a competitive market structure.

In addition, he highlighted some potentials for the Nigerian agro ecosystem to include: Standardisation in quality: ensuring quality control will help boost exports. He applauded efforts by the Federal Government of Nigeria and Securities & Exchange Commission (SEC) to empower the Standard Organisation of Nigeria (SON) in ensuring standardisation in the Agric space. This helps boost investor confidence in the sector.

Other potentials include: GDP contribution, capital market participation, pension fund participation, exchange traded instruments, multi-instrument Agric-financing, commodity contracts and regulation.

Mr. Akeredolu-Ale emphasised the urgency of creating Agric investment products that can attract investors and help bridge the credit supply gap. He highlighted the need to harness Nigeria's vast distribution of agricultural products.

Comparing Nigeria to its peers, Mr. Akeredolu-Ale pinpointed how Ethiopia recorded $1 billion in coffee exports alone in 2021,. Despite having a lesser population and land mass in comparison to Nigeria. Ethiopia and Benin Republic also see higher contributions of agric to GDP at 60% and 40% respectively, compared to about 25% in Nigeria.

Some of the challenges he examined include; under-performing value chains, insufficient infrastructure, limited access to finance, adverse agribusiness environment, limited inclusivity and more.

In relation to the lack of finance, he attributed both the real and perceived risks clouding the agric sector as the limiting factor to private sector investment. Also, high service costs due to small deal sizes and lack of credit data limit Agric financing.

He also added that exchanges like Lagos Commodities and Futures Exchange (LCFE) assist by ensuring structured trading, price discovery, governance, inflow of liquidity, futures contracts, stakeholder alignment, storage logistics & insurance and capital raising.

Mr. Akeredolu-Ale noted that through capital raising instruments like Exchange Traded Funds(ETFs), the commodities exchange is able to support the industry through seed production, cold chain facilities, logistics/heavy equipment, commodity aggregation, commodity processing, infrastructure development, Agric production and research & development.

He ended by encouraging participants and specialists in the Agric sector to reach out to the Exchange to help spread wealth across the ecosystem.

Mr. Awe noted that Sterling's efforts with commodity exchanges, LCFE, AFEX etc. Adding Sterling's solution for commodities aggregation, SABEX, has been able to unlock the ecosystem. About 150 warehouses have been onboarded and are being utilised by farmers to store harvests and access financing to produce about 70% of their next yield.

Mr. Ihua stated that Ivory Coast is the largest exporter of cocoa in Africa, followed by Ghana and then Nigeria. But when we compare the land mass of these countries, you see the disconnect.

Mr. Ayoade emphasised the importance of commodity exchanges, as they ensure confidence. It also eradicates malpractices by middlemen who seek to exploit farmers. He noted that Sterling Bank had just disbursed about N7 billion to produce cocoa due to the confidence instilled through the commodity exchange.

He said that commodity exchanges should consider setting up warehouses in different geopolitical zones that would be tailored to the produce in the regions. E.g. The South West is abundant in cocoa and cashew (which are the largest contributors to non-oil FX revenues) and a warehouse could be set up by the exchange to aid storage.

Mr. Ayoade then added that costs must be transparent and there must be cost-benefit for participants.

“ In comparison to Nigeria, Ethiopia and Benin Republic also see higher contributions of agric to GDP at 60% and 40% respectively, compared to about 25% in Nigeria.

Key Takeaways From The Session

- *Mr. Akeredolu-Ale noted some differences between a commodities exchange and an e-commerce platform. Firstly, due to SEC regulations, an exchange is more secure and trustworthy. The SEC's AML and other protectionist policies also have the investors' best interest at heart.*

- *Mr Gbenga emphasised the critical role storage facilities play in the success of the commodity exchange. He noted that Nigeria currently has idle infrastructure that can be utilised in a form of lease agreement with some warehouse owners, and rented out to smallholder farmers. These sort of arrangements also ensure quick turnovers for the farmers.*

- *Mr. Ayoade spotlighted the port congestion issues exporters faced and the high cost of transportation involved. "Transporting a container from Ikorodu Lighter Terminal to Apapa Port, costs more than transporting the goods from Apapa to Europe", he said. He encouraged agric producers to focus more on value addition. He alluded to the value lost in exporting raw cocoa seed for about $3,000 compared to the $10,000 worth of those same seeds to the chocolate industry. This implies Nigeria is always left with the short end of the stick, as we lose not only wealth, but employment opportunities.*

- *Mr. Akeredolu-Ale explained that collaboration within the Agric ecosystem is critical to the success of the entire sector. He explained that the Nigerian Commodity Exchange (NCX) can have access to huge warehouses for storage and could collaborate with smaller exchanges to provide services to farmers, leading to a structured and competitive market.*

- *Mr. Elenwor, spoke to the need for individuals and institutions to get more actively involved in the Agric ecosystem. Participants in the Exchange stand to gain improved production, access to storage and processing infrastructure, a tech-based commodity market, testing/grading & quality assurance, standardisation of underlying assets, export opportunities, price discovery etc.*

- *Mr. Ayoade stated that trading in Nigeria is synonymous with contract defaulting and quality issues. However, the rise of the commodity exchange bodes positively for Nigeria's image, as foreign offtakers have confidence in the integrity of a commodities exchange.*

- *Mr Gbenga expressed that the key to building a trillion dollar economy revolves around enabling the four factors of production: Capital (access), Land (yield), Labour (productivity) and Entrepreneurship (innovation). He spotlighted that both the available presidential manifestos touch on commodity exchanges, speaking to how critical the Exchange is to stimulating the ecosystem. He went on further to suggest that Agric tokens can be established for trading using blockchain technology and could motivate participation from the younger, tech-savvy Nigerians.*

- *Mr. Akeredolu-Ale stated that warehouse receipts have been inputted properly into the legal framework and should be passed into law soon. Once this has been done, these receipts can be used by warehouse owners as collaterals to secure bank loans.*

- *Mr. Elenwor ended the session encouraging increased participation in commodity exchanges by industry stakeholders, and thanked participants and organisers of ASA 2022.*

Conclusion

The closing remarks given by Mr. Abubakar Suleiman (MD, Sterling Bank), thanked all participants and stakeholders of the ASA 2022. He said that the aim of the ASA was to close the gap in the understanding of the challenges facing the Agric industry and moving away from just discussions to actually taking actionable steps.

He alluded to the success of the program, as the ASA 2022 recorded about 10,000 participants spanned across different countries. He also mentioned that Agriculture makes up about 15% of Sterling Bank's loan book, the highest of any Nigerian bank.

At the ASA 2018, the need for a platform that brings stakeholders together was discussed and that led to the creation of "SABEX" by Sterling Bank. The bank has helped de-risk Agric transactions by acting as a financial intermediary between stakeholders.

Mr. Suleiman noted that despite the widespread globalisation, countries are becoming more protectionist in their policies and Nigeria can not afford to lag behind in terms of food security.

He shared his vision for ASA 2023 and beyond, saying that ASA should belong to every stakeholder in the Agric value chain by allowing stakeholders to subscribe alongside the bank to push the ASA conversation forward.

Mr. Suleiman revealed that Sterling Bank has invested in a Nigerian Farmers Radio program to share data and information to farmers nationally. Currently, the radio programs air in about 20 states in Nigeria and will continue to grow.

He ended ASA 2022 by thanking all sponsors and participants and encouraging more participation in ASA going forward.

AGRICULTURE SUMMIT AFRICA