DE-RISKING SMALLHOLDER FARMING IN NIGERIA BY LEVERAGING TECHNOLOGY AND INDEMNITY-BASED PERSONAL FARM INSURANCE

Africa   Latin America   Asia

Financial services   Non-financial services   Market building   Internal management

CONTEXT

According to the FAO, between January and March 2021, the agriculture sector contributed to just over 22% of the total Gross Domestic Product of Nigeria. Over 70% of Nigerians engage in the agriculture sector mainly at a subsistence level. Despite the contribution to the economy, Nigeria's agricultural sector faces many challenges which impact on its productivity. These include poor land tenure system, low level of irrigation farming, climate change and land degradation. Others are low technology, high production cost and poor distribution of inputs, limited financing, high post-harvest losses and poor access to markets.

With the increasing population, estimated to reach 400 million by 2050, enhanced agricultural productivity through the adaptation of new technologies and innovations will be necessary to ensure food security and nutrition.

CURRENT STATUS OF THE INVESTEE

Babban Gona Farmer Services Nigeria Limited is a social enterprise that mainly offers financial and technical services to smallholder farmers in Nigeria, with a focus on maize and rice production. With ten years of operations, the agriculture company has proven its business model to be highly scalable and has since emerged as a leader in maize production in Nigeria through its growing network of smallholder farmer members. Serving 38,200 farmers in 2020, the company boasts a very strong ESG impact and the institution's management aims to reach 380,000 farmers by 2025. Babban Gona has recently received an approval for debt financing of USD 2.5m from the Regional MSME investment fund for Sub-Saharan African (REGMIFA).

OBJECTIVE OF THE PROJECT

The objective of the project is to develop and deploy an indemnity-based Personal Farm Insurance (PFI) product to enable smallholder farmers in Nigeria to purchase insurance packages personalised to their farming activities and process claims through using drone technology and Babban Gona's network of extension officers.

By the end of 2023, the project aims to:
- Deploy an Artificial Intelligence assisted application for farmers.
- Launch an indemnity-based PFI product.
- Implement a marketing strategy to promote the PFI.
- Insure 10,000 farmers with the PFI.

IMPACT INVESTOR

symbiotics

AGGREGATOR / INVESTEE
Babban Gona - Nigeria

TARGETED N° OF FARMERS
10,000 farmers

AGRICULTURAL VALUE CHAIN
Maize

STARTING DATE
01/03/2022

DURATION
24 months

TOTAL TA BUDGET
€ 430,000
Including € 200,000 (47%) contribution from SSNUP