



**PRIVATE SECTOR DRIVEN
AGRICULTURAL MECHANIZATION
PROGRAMME (PSDAMF) AND
GES APPLICATION
STRATEGY OF
NIGERIA**



WARM REGARDS FROM AMMC CHAIRMAN



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I am Ogirinye Innocent: Coordinator of the PSDAMP and Technical Project Assistant to the Chairman.

THE NEW TRACTOR HIRE SCHEME

- ❖ Dynamic Agrosol Limited undertook an independent survey of why the past Government Mechanization programme failed.
- ❖ They Closed the gap and implemented a pilot in 2006 By deploying 150 units of tractors to farmers with just 20% equity
- ❖ Government later adopted the scheme but in 2012 and He was appointed as Chairman, AMMC/Consultant to redesign and implement the programme as National Government programme



THE NEW POLICY

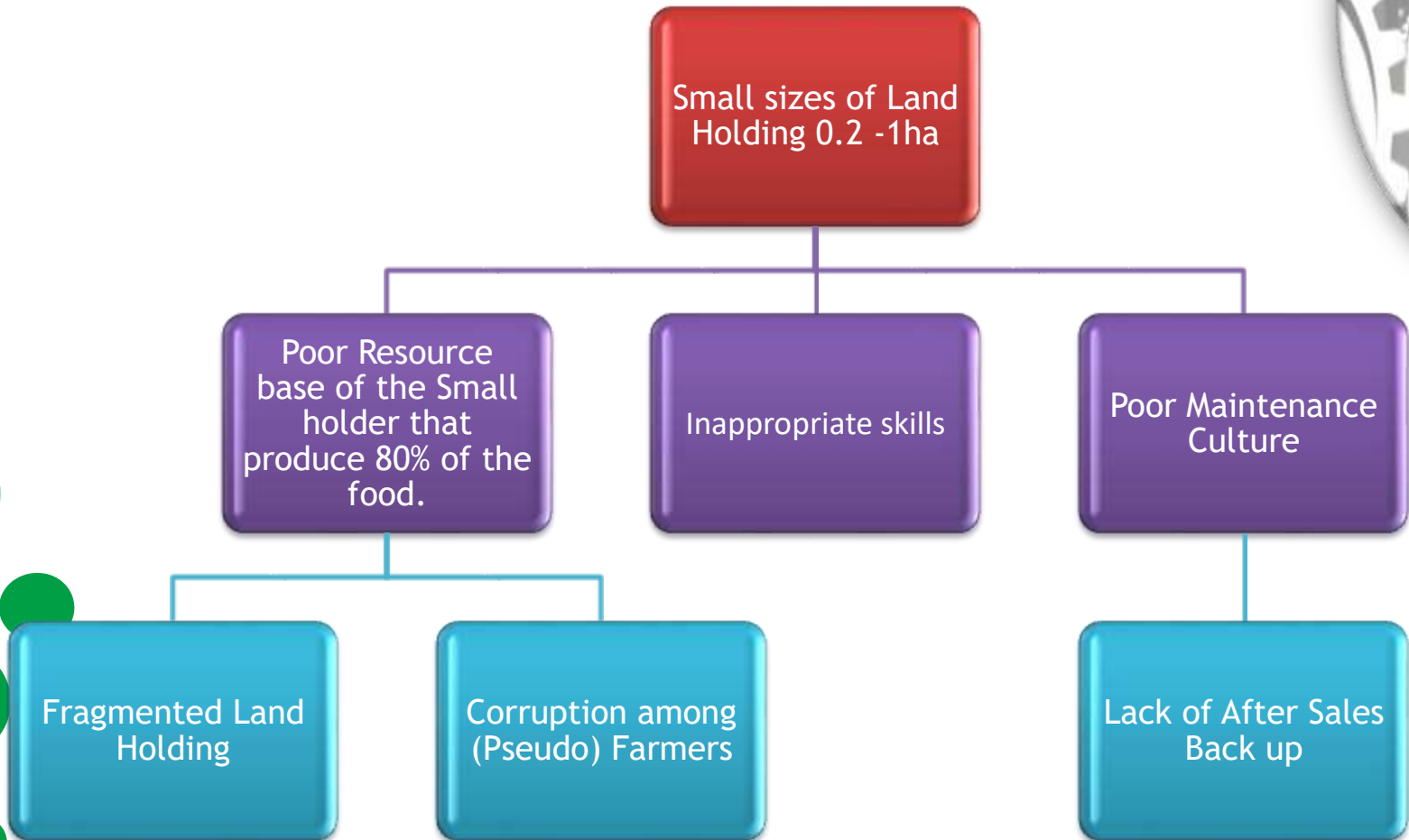
- The Private Sector Driven Agricultural Mechanization Framework (PSDAMF) is a Public Private Partnership involving:
 - **Federal Ministry of Agriculture,**
 - **Financial Institutions,**
 - **The Agro-Machinery Manufacturer's representatives and**
 - **Service Provider Operators (SPOs)**

This PPP sets up Agricultural Equipment Hiring Enterprise (**AEHE**) in demand driven locations where farmers can hire or lease any mechanize equipment for farming operations just for a fee.

- The services provided by the AEHEs support different crop value chains include but are not limited to: land preparation, planting, Harvest & post harvest operations



WHY AEHE?



STRUCTURE OF AN AEHE



Model Design of Agricultural Equipment Hiring Enterprise

STRUCTURE OF AN AEHE



TRACTORS/IMPLEMENTS FOR PHASE 1





Hon. Minister of Agriculture; Dr. Adesina Adewumi, the FDA Director and AMMC Chairman on a Tour of Inspection of the Tractors and Post Harvest Equipment parked at the Ministry Sheda Warehouse, Abuja.



A cross section of various brands of Tractors and Implements parked the Ministry Sheda Warehouse, waiting to be moved to the Silo Section for Flag-off

HARVEST/POST HARVEST EQUIPMENT



Planters



Trans Planters



Harvester



Thresher



LOCATION OF AEHE

AEHEs must be located in demand driven communities with proven ***needs for mechanization***

A minimum of 1500ha arable land around the community comprising a substantial number of smallholder farmers is required.



LIST OF AGRO MACHINERIES PER AEHE



- 3-5 units of Tractor/Impl.
- 5 power Tillers
- Two mini Harvester
- 3 Thresher
- 1 Boom Sprayer
- Average cost \$123,000 usd

60-



AEHE



Threshers



**MINI MOBILE- AGRICULTURAL EQUIPMENT HIRING ENTERPRISE
(MM-AEHE)**



MINI COMBINE RICE HARVESTER



MULTI PURPOSE THRESHER



MAIZE SHELLER



POWER TILLER



POWER TILLER MOUNTED WITH TRAILER



EQUIPMENT TEST AND CONFORMITY CERTIFICATION

Only Mechanized Equipment with Certificate from the National Centre for Agricultural Mechanization (NCAM) are eligible for the Programme



Verifiable Foreign Technical Support/Back-up for Local Equipment Vendors is a must

FUNDING OF AEHE OFF-TAKE

•FMARD	35%
•Bank f Agriculture	35%
•Agro-machinery Vendor Partner	10%
•Service Provider Operator Equity (\$37,000)	20%



TERMS OF OFF-TAKE FACILITY

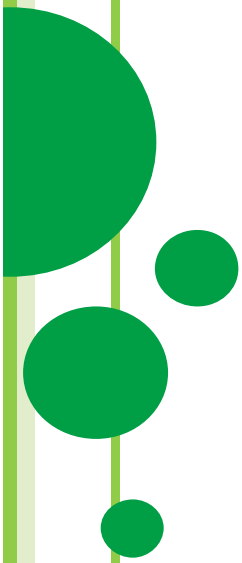
• Tenor	4 years
• Interest rate	7%
• NIRSAL CRG	1%
• NAIC Insurance	0.25%
• BOA serves as obligor of the 80% Loan. (Not National cake)	

OWNERSHIP OF AEHE



- The AEHEs are owned by
- Cooperatives or rural farmer groups
 - Farmers Associations
 - Medium and large scale farmers
 - Private investors in Hiring/Leasing scheme

In this framework, the above groups are called **Service Provider Operators (SPOs)**.



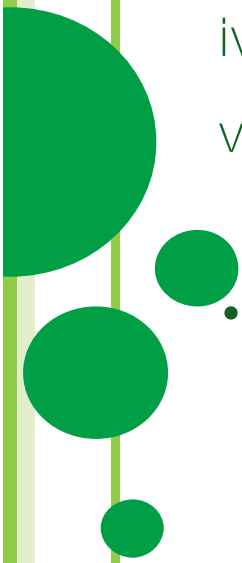
MANAGEMENT STRUCTURE OF AEHE

The **AEHEs** are managed by a five (5) Man well structured team. This Team comprises of:

- i. Leasing Manager
- ii. Accountant
- iii. Field Supervisor
- iv. Mechanic(Engineer)
- v. Security.



- While this is expected to enhance accountability, jobs are created in the administrative structure.



CAPACITY BUILDING

Capacity Building for the Tractor/Power Tillers Operators and Mates by Agricultural Machinery Mechanics and Operators Training Centre (AMMOTRAC) in partnership with Agro-Machinery Vendors

- Capacity Building for the AEHE Administrative Managers



CREDIT RISK MITIGANTS

- Agro-Equipment Insurance
- Equipment Repossession Scheme
- Bank's 100% lien on the equipment (The Collateral)
- Nigerian Incentive Based Risk Sharing for Agriculture Lending(NIRSAL) 75% Credit Risk Cover(CRG)
- Market Stimulation with Growth Enhancement Scheme
- Agro-Machinery Data Tracking Centre



AFTER SALES SERVICE BACK FROM VENDOR

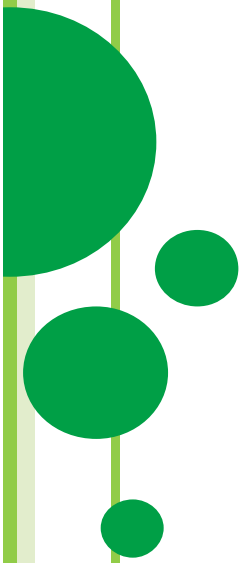
Periodic training programs for Engineers and technicians for collaboration with local manufacturers representatives in the areas of the regular maintenance of these equipment.



Service Workshops located in close proximity to and within the AEHEs.



Spare Part Dealers will be empowered by the Vendors/Manufacturers' Representatives nationwide to make spare-parts available to AEHE enterprises.



LOCAL CONTENT INITIATIVE)

- ❖ All the Threshers from the Programme were source locally
- ❖ Agro-Machinery Partners are to ensure 5-10% inclusion of Local content in their equipment as far as available infrastructure can sustained in a 5 years plan.



Mechanization Funds Optimal Utilization

- ❖ The N3.6 Billion Naira (\$12,000,000USD) was approved to implement the model by the Government.
- ❖ We traded the funds as 35% to attract additional investment 65% investment of **N6.6 Billion (\$23,000,000)**
- ❖ **Total Project portfolio to N10.2 Billion (\$35Million USD)**
- ❖ Funds are utilized through a Mechanization Revolving Account(MRA)
- ❖ Meant to be utilized in three phases.
- ❖ At each point of equipment deployment, 65% of the funds comes back to MRA for the next phase



ON-GOING MECHANIZATION INTERVENTION PROGRAMME (MIP)

The PSDAMP has deployed 400 tractors, 400 power tillers and harvest & post harvest equipment to set up Eighty (80) AEHEs in the first phase under the Leadership of Dr. Akinwumi Adesina, immediate Past Nigerian Agriculture Minister.

The second phase of Sixty (60) additional AEHEs established with 190 tractors, power tillers and Harvest/post harvest equipment was flagged-off on the 12 Jan. 2016 by Chief Audu Ogbeh, the incumbent Honourable Minister of Agriculture. Batch 1 has been deployed while batch 2 equipment are on the process of being deployed to the field.

250 AEHE Centers will be up and rounding at completion of the MRA cycle in 3 phases instead of the the initial 80 AEHEs.

AEHE center now can have between 3-5 tractors, power Tillers and harvest/post harvest equipment is now driven by choice of the SPOs.

MECHANIZATION SUBSIDY THROUGH GES

- The Federal Government of Nigeria Mechanization subsidy is targeted at small scale (subsistence) farmers
- with farm holdings ranging from 0.5 to 4 Ha
- who have the desire to mechanize their farm operations.
- These groups enjoys 50% subsidy toward the cost of land preparation and other key mechanization services. This is however, yet to kick start.



AGRICULTURAL LAND DEVELOPMENT

- ❖ Bush Clearing/Land development was implemented to give Youths and Women access to land
- ❖ Optimize the life span of the tractor.
- ❖ Best Practiced Land development were not achieved in some site
- ❖ 6400 hectares were developed in 2014.
- ❖ A PPP Land Developing Programme is presently under way and Union Bank has pledged N10Billion (\$50Million) to Finance the project



PHOTO OF PHASE 2 EQUIPMENT



PHOTO OF PHASE 2 EQUIPMENT



THANK YOU

