IMPACT BRIEF 16

Vantage, Nigeria

AATIF's investment in Vantage contributes to employment, higher income, and global market access for Nigerian farmers


Vantage warehouse facility in Ibadan, Nigeria.
Photo taken by Research Support Services (RSS)

Vantage is a trader in soybean and sunflower. The company began developing a sourcing base in Africa since 2014 and has built a network of farmers to supply organic soybeans from Nigeria and exports to markets in Europe and the US.

From 2022 to 2023, AATIF extended a USD 2.5 million + EUR 2.5 million loan to Vantage Netherlands B.V. The 24-month facility was to finance local purchases, storage, shipping, and sales of organic soybeans. AATIF's engagement with Vantage helped the company to leverage its supplier base and start purchasing soybean from Nigeria. This enabled the smallholder farmers to have a stable off-take market and created income.

During the investment period, the AATIF Technical Assistance Facility supported Vantage in creating a new role for an outgrower manager to strengthen its sourcing network and farmer engagement, which had been weakened by the impacts of COVID-19 restrictions. Overall, this engagement supported 3,306.5 full-time equivalent jobs (FTEs) among soybean farmers and workers involved in training and aggregation activities. Vantage's collaboration with a local NGO has facilitated training and capacity building for farmers, resulting in higher productivity and increased household revenues. Beneficiary farmers reported median annual agricultural revenues of 1,400,000 Nigerian naira (NGN 1,400,000 or USD 3,146), significantly higher than control groups. Additionally, Vantage's export strategy has successfully positioned Nigerian soybeans in international markets, with 2,714 MT of soybeans procured and 1,618 MT of processed soybean meal exported in 2022. Vantage also started to build its social and environmental management system (SEMS) and to manage social and environmental risks in its own operations and in the supply chain.

Key Findings

Although Vantage has operations in different countries, the study focused on its operations in Nigeria. Below is a summary of the findings across AATIF's applicable impact dimensions: (i) Employment, (ii) Outreach to agricultural producers, (iii) Trade, and (iv) Social and Environmental Management System.

1. Employment

Vantage collaborates with World Wide Opportunities on Organic Farms in Nigeria (WWOOF), an NGO, which is responsible for providing local administrative work, farmer coordination and extension activities. WWOOF is also responsible for coordinating training and capacity building of farmers on organic farming of soybeans, purchasing of crops from the farmers and providing logistics support for export. WWOOF has a total workforce of 205 employees (5 permanent, 200 seasonal), which equals an estimated 45 FTE. Women represent 40% in both categories. The lowest wage paid at WWOOF is NGN 25,000 per week (about USD 56), which was above the national minimum wage at the time the rapid appraisal was conducted. No accidents were reported in the 12 months preceding the survey.

2. Outreach to agricultural producers

By sourcing soybean from Nigeria, Vantage creates indirect employment along the value chain for workers involved in farming, aggregation, and processing. At the farm level, soybean smallholders use not only their own labour force but also family and hired (paid) labour, most commonly as casual labour. The share of hired labour is higher than family labour among these smallholders. Men provide the largest portion of total labour input per soybean household. As Vantage suggests reaching out to 18,725 farmers, the aggregated supported FTE is estimated at 2,808.

Vantage reaches out to soybean producers in rural areas of Nigeria through WWOOF. Purchase of soybean from farmers is done through aggregators that WWOOF engages. WWOOF uses three levels of aggregators in soybean supply chain: (i) local small aggregators mainly operating at the village level, (ii) district level aggregators, and (iii) one central aggregator covering Oyo state, who directly supplies WWOOF with soybean.

The *central aggregator* is supplied by ~30 farmer cooperatives and 50 district-level aggregators. It has five seasonal employees (one women, four men), with an estimated FTE of 3.5, that can be assumed as indirect employment. *District-level aggregators* are supplied by various entities: small-scale farmers, medium-scale farmers, large-scale farmers and small aggregators. The suppliers of each district-level aggregator ranges ~20 to 400 (average: 137). A district-level aggregator has an average of 10 workers, majorly men (92.5%), with an average FTE of 9 (ranging from 0.8 to 18) that can also be considered indirect employment. The overall indirect labour input for aggregation at Vantage is thus estimated at 453.5 FTE.

The average quantity of soybean procured per *district-level aggregator* is 497 MT (range: 13 to 1,750 MT), at an average price of NGN 275/kg. In 2022, the *central aggregator* procured 5,000 MT of soybean (3,000 MT from the district level aggregators and 2,000 MT from farmers cooperatives), at a price of NGN 350/kg. From this, WWOOF procured 600 MT (12% of the central aggregator).

The study estimated the median soybean production of smallholders at 2,000 kg for farmers in Vantage's supply chain, and 1,500 kg for control farmers, with an average productivity of 305 kg/acre (0.75 MT/ha) for the first group and 290 kg/acre (0.72 MT/ha) for control farmers. Both are lower than the overall national average of 1 MT/ha across all producers, which is still below the potential yield of over 3 MT/ha achieved on research stations in Nigeria. The low productivity among both groups may be due to lower use of Good Agricultural Practices and postharvest losses. The use of improved/certified seeds is also still very low (only 4.8% of farmers in Vantage's supply chain). Nevertheless, farmers in Vantage's supply chain are more likely to employ GAP compared to control farmers.

The study also estimated the median annual agricultural revenue (soybean farming included) at NGN 1,400,000 (USD 3,146) for smallholder farmers in Vantage's supply chain and NGN 1,150,000 (USD 2,584) for control farmers. The median total annual household revenue was estimated at NGN 1,500,000 (USD 3,370) for beneficiaries and NGN 1,240,000 (USD 2,787) for control groups, showing that revenue from agricultural activities contribute 93% to overall household revenues for both groups. Soybeans contribute 57% to the annual revenues of farmers in Vantage's supply chain (52% for control groups), other crops contribute 26% (17% for control groups). All these findings suggest that beneficiaries are better off than control farmers as they have higher revenues and more productivity, albeit both having the same household size. The mean Household Dietary Diversity Score (HDDS)[1] was very similar for both groups with 8.8 for beneficiaries and 8.9 for control groups, suggesting that all farmers belong to the High Dietary Diversity tertile.

3. Trade

Vantage's distribution strategy for soybean targets export markets. The company sells directly to international customers including buyers in the US, Europe and India. In the 2022 season, Vantage procured 2,714 MT of soybean from the Nigerian market, at an average price of NGN 360-400/kg. The amount of processed soybean meal sold in 2022 was 1,618 MT. All the processed soybean meal was exported. The total market value for the soybean meal was a USD 927,288, translating to about USD 1.76/kg.

4. Social and Environmental Management System

Although Vantage has not established a formal system to identify and manage social and environmental risks, the company has some elements of a social and environmental management system in place. In terms of organizational capacity, Vantage has a designated staff member assigned the responsibility to manage social and environmental

[1] The maximum attainable HDDS Score is 12.

aspects. Vantage is in the process of developing internal policies, procedures and measures to identify and manage risks and impacts that originate from its activities which affect its workforce, the community and the environment.

Way Forward

AATIF's engagement with Vantage contributed to maturing business processes of the company. This is especially the case with the company starting to build its SEMS to better manage social and environmental risks in its own operations and in the supply chain. The collaboration with AATIF underscored Vantage's commitment to sustainable agriculture and community development, driving economic growth and improving livelihoods in rural Nigeria.

For more information on AATIF impact measurement and intensity levels, please see AATIF webpage: https://www.aatif.lu/impact-measurement-framework.html

Imprint

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