

NSIA Banque enhances agricultural sector footprint with AATIF support



In a significant move to support agricultural financing in Côte d'Ivoire, the Africa Agriculture & Trade Investment Fund (AATIF) has partnered with NSIA Banque. This collaboration, initiated in February 2019 with a €17.5 million loan, has enabled NSIA to expand its operations within the agricultural sector, reaching approximately 200 new business clients and achieving a 10% annual growth rate in its loan portfolio.

AATIF's investment has not only fueled financial growth but also promoted a cultural shift towards sustainability at NSIA. Moreover, through its clients, the bank indirectly supported a vast number of workers and

farmers, including cooperatives aggregating thousands of member producers. This Impact Brief summarizes the results of the Rapid Appraisal conducted in 2023 to analyse the impact of AATIF's investment.

Key Findings

Financial Institution level

The first level of the Rapid Appraisal looked at changes in the bank since the start of the relationship with AATIF, particularly on what relates to the bank's approach to the agricultural sector, including the evolution of its agribusiness portfolio and product offer. The appraisal also pointed to an important culture change at the bank, as the theme of sustainability gained importance at various levels of the institution.

1. Agribusiness portfolio

Since AATIF investment, NSIA reached about 200 new business clients and recorded a 10% average annual growth rate of its loan portfolio in the sector, representing almost EUR 300m as of 2022. However, the share of agriculture in the total loan portfolio experienced a small decrease, standing at around 22%, as the Covid-19 crisis and Ukrainian war has affected agricultural companies. The profitability of the agricultural portfolio has also improved and the bank rarely encountered payment defaults in these clients.

2. Services offered to the agricultural sector

NSIA currently offers short-term, revolving credit lines or operating loans as well as longer-term loans for investment. Since obtaining the AATIF loan, no additional financial or non-financial services specifically dedicated to the agricultural sector have been developed by the bank. However, the bank is currently working on projects aimed at supporting the local processing industry and offering financing solutions to agricultural cooperatives. The appraisal found that there will be additional capacity needs at the bank level to implement actions leading to these objectives. As a result, AATIF is currently engaging with the bank to provide technical assistance (TA) to strengthen its agricultural strategy and internal capacities to implement it.

3. Social and Environmental Management System

Prior to AATIF's investment and technical assistance support, the bank did not have SEMS in place. AATIF, in coordination with other investors, has made a major contribution in raising the bank's awareness on S&E topics and

documenting them in a framework aligned with international standards. The bank created a dedicated unit to coordinate SEMS implementation across its operations. Through AATIF's TA facility, training was provided to S&E specialists as well as to relationship managers, which are responsible for S&E screening of potential transactions. In 2022, the bank obtained a label demonstrating its alignment with the ISO 26000 standard on social responsibility.

4. Employment

Policies related to employees' working conditions, such as health and safety at work, working hours, training and non-discrimination were formally in place or updated. Highlights include the introduction of an employee grievance management procedure, to record, manage and respond to complaints received by the bank's employees; and a new procedure for managing incidents on the premises. In addition, an Occupational Health and Safety Committee has been set up. It organizes regular awareness-raising sessions on issues such as fire safety, health and safety, discrimination and working conditions. These findings show that, in addition to supporting more than 1,000 jobs (50% of which are women), the bank also worked on improving the quality of such jobs in the period.

5. Environment

In addition to initiatives to improve environmental performance at the bank level, such as an internal waste sorting and recovery policy, the bank is increasingly looking at environmental aspects of its clients. This includes procedures supporting management of environmental risks in the context of its SEMS, and the launch of financial products to generate positive environmental impact, such as those targeting renewable energy and energy efficiency. The bank has taken first steps to map greenhouse gas emissions across its operations, an initiative which will also receive support from AATIF's TA Facility.

Client level

NSIA on-lent AATIF proceeds via working capital and investment credit lines to commodities traders and processors in value chains such as coffee, rice and cocoa, as well as a producer of poultry and livestock feed. These clients experienced significant business growth and improved social and environmental practices. They engage with farmers and their cooperatives, including by providing loans.

1. Primary agricultural production, processing and trade

Loans provided by NSIA contributed to growth in turnover, traded volumes and investment of its clients. Short-term revolving credit lines have providing clients with liquidity for agricultural campaigns (mainly for coffee and cocoa). Clients have also benefited from long-term investment loans, which were used for expansions in production units and warehouses.

2. Employment

Clients employed both permanent workers and fixed-term contract employees and their workforce ranges from 50 to 1,000 employees per company, with a low proportion of women (generally below 5%). Employees are registered with the Social Security Authority and benefit from health insurance. No significant changes in employment levels were observed during the clients' engagement with NSIA.

3. Social and Environmental Management

Following the receipt of loans, clients report an increased awareness of the environmental impact of their activities. NSIA has contributed to such increased awareness through its social and environmental assessment, by conducting regular visits and advising on sustainability practices.

Clients implemented activities related to reducing energy, water consumption and generally improved environmental management performance. Prerequisites for obtaining a loan from NSIA include compliance with environmental regulations, respect for labour laws, and the guarantee of a safe working environment. According to clients, compliance requirements from NSIA regarding environmental and labour laws induce a greater attention to such aspects. Some clients were able to obtain sustainability certifications in the period such as Fairtrade and UTZ.

4. Outreach to producers

The effects of on-lent proceeds on producers are hard to identify given the multiple layers existing between AATIF and these producers (e.g. NSIA, its clients and aggregators). However, there are signs that NSIA's loans to such clients have the potential to reach a vast number of producers and generate impact at that level. As examples, one of NSIA's clients surveyed worked with cooperatives aggregating 2,299 member producers, 15% of which are

women. Other NSIA clients were found to purchase raw materials from cooperatives of agricultural producers as well as offering loans to support production. Most cooperatives benefiting from such loans believe that the loans have contributed to the organisation's production and purchasing capacity, their offering to their members as well as increased investments in assets (e.g. such as vehicles or farm infrastructure).

Way Forward

The rapid appraisal of AATIF's investment in NSIA identified a continuous commitment from the bank in serving the agricultural sector. It also pointed to areas for potential improvement, which are guiding the relationship between AATIF and the bank going forward. The results of the rapid appraisal paved the way for AATIF to develop an improvement plan with NSIA on its approach to the agricultural sector, which is being implemented in the context of the new loan granted to the bank in 2023.

Disclaimer

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