Perspectives on Private-Led Rice Sector Development

6th CARD General Meeting
Accra, November 22, 2015

Presented by:

WACOT Limited,
(A TGI Group Company),
14, Chivita Avenue,
Ajao Estate, Lagos, Nigeria.
An overview on TGI Group of Companies
Group overview

- Head office in Lagos (Ajao Estate)
- Founded in 1980
- Over 8,000 staff in Nigeria
- Over 50,000 farmers part of out-grower development programs in Nigeria
- Strategy to focus on local production for local consumers
- Operations in 12 countries across Sub-Saharan Africa and Middle East

- Juices, dairy and snacks
- Chemicals
- Agricultural value chains
- Poultry, beef and fish farming
- Pharmaceuticals
- Oil field services
- Offshore fishing and processing
- Docking and ship repair
TGI Group is behind key brands in West Africa such as, Chivita, Hollandia, Capri Sonne, SuperBite, Beefie, Big Bull, Renew etc..

### Selected consumer brands

<table>
<thead>
<tr>
<th>Chivita</th>
<th>Chi Exotic</th>
<th>Chivita Active</th>
<th>Chi Happy Hour</th>
<th>Chivita Ice Tea</th>
<th>Hollandia Milk</th>
<th>Hollandia Yoghurt</th>
<th>Hollandia Malt and Milk</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Chivita" /></td>
<td><img src="image2" alt="Chi Exotic" /></td>
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<td><img src="image5" alt="Chivita Ice Tea" /></td>
<td><img src="image6" alt="Hollandia Milk" /></td>
<td><img src="image7" alt="Hollandia Yoghurt" /></td>
<td><img src="image8" alt="Hollandia Malt and Milk" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hollandia Custard</th>
<th>Hollandia Evap</th>
<th>Chi Soyamilk</th>
<th>Capri Sonne</th>
<th>Super Bite</th>
<th>Beefie</th>
<th>Big Bull Rice</th>
<th>Chi Classic Cake</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image9" alt="Hollandia Custard" /></td>
<td><img src="image10" alt="Hollandia Evap" /></td>
<td><img src="image11" alt="Chi Soyamilk" /></td>
<td><img src="image12" alt="Capri Sonne" /></td>
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<td><img src="image14" alt="Beefie" /></td>
<td><img src="image15" alt="Big Bull Rice" /></td>
<td><img src="image16" alt="Chi Classic Cake" /></td>
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<tr>
<th>Supra Malt</th>
<th>Terra</th>
<th>Mico-nazola</th>
<th>Renew starch</th>
<th>Instant starch</th>
<th>Detergent</th>
<th>Bactokill</th>
<th>Shine all</th>
<th>Vinkobond</th>
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<td><img src="image17" alt="Supra Malt" /></td>
<td><img src="image18" alt="Terra" /></td>
<td><img src="image19" alt="Mico-nazola" /></td>
<td><img src="image20" alt="Renew starch" /></td>
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<td><img src="image24" alt="Shine all" /></td>
<td><img src="image25" alt="Vinkobond" /></td>
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### Selected brands of the Group

<table>
<thead>
<tr>
<th>Vinash</th>
<th>Dragon</th>
<th>Ultrazin</th>
<th>Ultrachlor</th>
<th>Ultramine</th>
<th>Romson</th>
<th>Fludor</th>
<th>ORC</th>
<th>Master Marine</th>
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<tbody>
<tr>
<td><img src="image26" alt="Vinash" /></td>
<td><img src="image27" alt="Dragon" /></td>
<td><img src="image28" alt="Ultrazin" /></td>
<td><img src="image29" alt="Ultrachlor" /></td>
<td><img src="image30" alt="Ultramine" /></td>
<td><img src="image31" alt="Romson" /></td>
<td><img src="image32" alt="Fludor" /></td>
<td><img src="image33" alt="ORC" /></td>
<td><img src="image34" alt="Master Marine" /></td>
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<tr>
<th>Subhiksha</th>
<th>Sharp Shooter</th>
<th>Daksh</th>
<th>Perfect Killer</th>
<th>Scorpion</th>
<th>Kleansol</th>
<th>Germikill</th>
<th>Bactokill</th>
<th>Vinkokill</th>
<th>Vinkostick</th>
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<td><img src="image36" alt="Sharp Shooter" /></td>
<td><img src="image37" alt="Daksh" /></td>
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<td><img src="image41" alt="Germikill" /></td>
<td><img src="image42" alt="Bactokill" /></td>
<td><img src="image43" alt="Vinkokill" /></td>
<td><img src="image44" alt="Vinkostick" /></td>
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</table>
Core beliefs of the TGI Group

TGI Group...

...is truly Nigerian: Founded in Lagos and operating in all 36 states of the Nation

...develops Nigerian industries: Shaping entire value chains from seed to table under one roof

...believes in Nigerians: Building capacity of Nigerians in agriculture, manufacturing, and service

...makes products for Nigerians: Substituting international imports with local products

...generates FOREX for Nigeria: Exporting quality products from Nigeria to global markets

...helps drive Nigerian policy: Implementing Government initiatives across all sectors of the Economy

...development in Nigeria

Major new projects...
> Soy farming and processing
> Rice farming and milling
> Sesame growing and processing
> New chemicals plant
> Extension of pharmaceuticals plant

...that will create further impact over next three years
> 5,000 direct new jobs
> 100,000 new indirect jobs
> Additional USD 150m forex savings per annum through local production
> Additional USD 50m forex income per year
• **Introduction to WACOT**

• WACOT operations in the rice sector

• Opportunities in the rice sector

• Challenges in the rice sector

• Suggestions to improve the business environment
WACOT covers the entire agriculture value chain, produces inputs, processed crops and food.

**AREAS OF AGRIBUSINESS OF WACOT**

- **Agricultural Inputs**
  - Certified Seeds
  - Fertilizers and Bio stimulants
  - Crop Protection Chemicals
  - Agricultural Equipment

- **Production and Procurement**
  - Rice
  - Soybean
  - Sesame
  - Cotton
  - Maize

- **Agro Processing**
  - Cotton ginning
  - Sesame seed hulling
  - Rice milling

- **Food Processing**
  - Soy oil processing*
  - Soymilk and soy nuggets processing*

- **WACOT INTRO**

  ✓ WACOT has over **20 years of experience** in agriculture and agriculture processing
  ✓ The company has established a deep root into rural markets
  ✓ WACOT is an **ISO 22000** certified company
  ✓ Seed division registered as **Large Scale Seed Production Company** in 2010 under National Agricultural Seed Council (NASC) Nigeria
  ✓ WACOT is the **largest importer and distributor** of crop protection chemicals in Nigeria

Note: *This is under development.
Rice Farming - Kebbi

- 3500 Ha under production for 2015
- 3500 farmers are part of the initiative
- 500,000 mandays employment generation currently
- NGN 600 M (US$3 M) payment directly to the farmers on buy back in FY 2015
- 15000 Ha production through an outgrowers initiative in year 2017
- 1.5 M mandays employment generation in FY 2017
- NGN 3.5 B (US$ 17.5 M) direct payment to farmers in FY 2017
- 100,000 MT paddy processing commencing by 2016
- CARI – Major partner in this initiative.
CR&S Focus Areas – Rice Related

- Rice farming Initiative in Partnership with CARI engaging 5000 farmers – Kebbi

- Capacity Building of farmers and women on:
  - GFT (group formation trainings)
  - GAP (good agronomical practices)
  - FBS (Farmer Business School)

- Health Awareness Camps & Free Medicine Supply projects in different villages

- Women Empowerment

- School And Health Facility Renovation Projects.
Through its 12 branches, WACOT serves major agricultural production areas across Nigeria.

- 12 Branches across Nigeria being used as platforms for organizing farmer meetings, trainings and product demonstrations
- Estimated reach is at 2 million farmers
- Through its footprint across Nigeria, WACOT is a major GESS program supplier
Content

• Introduction to WACOT

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WACOT is active in the rice value chain from seed to table under one roof.
### Production

<table>
<thead>
<tr>
<th>CERTIFIED SEED</th>
<th>PADDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2012 – 400 MT</td>
<td>• 2015 – 10,000 MT</td>
</tr>
<tr>
<td>• 2013 – 2500 MT</td>
<td>• 2016 - 50,000 MT</td>
</tr>
<tr>
<td>• 2014 – 6200 MT</td>
<td>• 2017 - 80,000 MT</td>
</tr>
<tr>
<td>• 2015 – 7,500 MT</td>
<td></td>
</tr>
</tbody>
</table>
RICE MILL IN KEBBI

- Rice mill is currently being constructed in Kebbi
  - Planned capacity of 100,000 MT per annum
  - Origination of rice through outgrower program in proximity to the rice mill

- Production in the rice mill is expected to commence in H1 2016

- Model farms will ensure training of farmers and productivity enhancements
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Opportunities in the rice sector for WACOT

<table>
<thead>
<tr>
<th>UPSTREAM</th>
<th>DOWNSTREAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mechanized Commercial farming</td>
<td>• Supply chain</td>
</tr>
<tr>
<td>• Improved seed varieties</td>
<td>• Rice Milling</td>
</tr>
<tr>
<td>• Integrated production and value chain</td>
<td>• Sales and distribution</td>
</tr>
<tr>
<td>Initiative</td>
<td></td>
</tr>
</tbody>
</table>

- [Image of green rice field] - [Image of farmers standing in a field] - [Image of a corn field]
Content

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### MARKET ENVIRONMENT
- Cross border trade / smuggling undermines local brands
- Inconsistency in country policies on tariff structure and its proper implementation – Differential tariff structure

### INFRASTRUCTURE
- Lack of irrigation facilities like development of water storages (DAMS) and irrigation canals.
- Lack of developed roads linking farming communities to the market.
- Inadequate focus on mechanization of farm activities and lack of machinery for land clearing and development.

### AGRICULTURAL OPERATIONS
- Lack of high yielding varieties of Rice seeds
- Lack of application of Good Agricultural Practices (GAP)
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Suggestions to improve the business environment which will be helpful to WACOT

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<th>MARKET ENVIRONMENT</th>
<th>INFRASTRUCTURE</th>
<th>AGRICULTURAL OPERATIONS</th>
</tr>
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<tbody>
<tr>
<td>Enforcement of policies, and Cross Border Trade to be stopped.</td>
<td>Government should facilitate irrigation infrastructure development and building of storage dams in the country to ensure a second crop cycle.</td>
<td>Development of new high yield rice varieties specific to SSA</td>
</tr>
<tr>
<td>Quality linked pricing structure for paddy</td>
<td>Investor friendly policy from the government on land clearing and development.</td>
<td>Capacity building measures to further spread ‘Yield/ Productivity Enhancement Techniques’</td>
</tr>
<tr>
<td></td>
<td>Consistent credit lending policy from the government on single digit interest to farmers and investors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to electricity/gas pipelines leading to lower processing cost</td>
<td></td>
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Thank You