

# PrOpCom

Making Nigerian Agricultural Markets Work for the Poor

## Rice Parboilers

PrOpCom (Promoting Pro-Poor Opportunities through Commodity and Service Markets) is an innovative market-driven programme that aims to reduce poverty in Nigeria. Funded by the United Kingdom's Department for International Development (DFID), the programme works with government institutions, businesses and individuals to enable agricultural markets to work better for the poor. PrOpCom started full implementation in 2008 and will be operational until April 2011.

The overall intention of the programme is to facilitate basic changes to market systems, to improve how markets operate, and to increase profits and revenue whilst providing benefits to the poor from these market interventions. PrOpCom facilitates and catalyses these changes – making them possible or making them happen faster – through active engagement with businesses, civil society and government, in order to address problems in selected commodity sectors. The programme works along the entire value chain, including production, processing and marketing of agricultural products.

Using this market-led, pro-poor development approach, PrOpCom works through market forces to support the poor to:

- enhance their incomes
- increase their job opportunities
- broaden their access to markets
- create more choices for them
- reduce the economic risks they face.

PrOpCom is currently facilitating activities in five markets within a framework of 12 interventions, in order to promote market development that is beneficial to poor people in Nigeria. PrOpCom anticipates that these interventions will positively impact some 412,000 poor households, generate ₦8.6 billion (£34.4 million) in additional income and create about 70,000 new jobs as they mature.

## Loans for the 'Unbanked'

In Kano State, one of Nigeria's major rice production and processing areas, 99% of parboilers are women. Such women are often excluded from financial systems because they lack collateral and do not operate in the formal banking sector. With no bank accounts and no record keeping, they are deemed risky borrowers.

PrOpCom is helping some of Kano's parboilers to qualify for and manage loans. The participating women were first organised into groups and registered with the Kano State Ministry of Commerce, Industry and Cooperatives. Next, each group opened a bank account with the Bank of Agriculture (BOA), formerly the Nigerian Agricultural Cooperatives and Rural Development Bank. The bank was then able to consider individual loan applications, presented as a group, to determine which women were the most viable borrowers. Successful applicants were required to deposit 10% of the value of the loan into their group's bank account before the loans were approved.



A loan recipient with her cash

### Initial reluctance

Some participants were reluctant to make the deposits, doubting they would actually receive the loans. Their attitudes changed, however, upon realising that other participants' loan applications had been successful. According to Mr Baba Tsoho, BOA branch manager in Kano City, "The women were sceptical about the whole process but today you can see that they are all happy to receive their money. We want this to go round to other clusters in Kano."

**Many women did not believe the loans were real; now they show off their record-keeping books, repayment cards and monitoring plans.**

Mr. Aminu Ibrahim, BOA branch manager in Tudun Wada, Kano, described the way loans are repaid: "The loan is for 18 months and repayment commences a month after the disbursement. Repayment is planned for monthly collection." In addition, a monitoring committee has been created to ensure loan recovery.

To facilitate the repayments, a repayment card – which includes the group name and number – was specially designed for the groups' members. The card also has a repayment schedule, which is marked off as repayments are made.

Beginning on 24th November 2008, loan disbursement has very quickly reached 547 individuals from 46 groups in the Tudun Wada, Karfi, Chiromawa, Kura, Garko and Tamburawa rice-processing clusters. The total value of the loans is ₦50 million (£200,000) at an average of ₦68,000 (£272) each. The loan amounts include a 2.5% insurance premium,

₦20,000 (£80) for purchasing the TADCO parboiling system (see box), and some operating capital for raw materials (paddy, water and firewood). Repayments are made over 18 months at a rate of 8% per year.

## Seeing is believing

Many of the women did not believe the loans were real until they actually received the money. Now they demonstrate their readiness to meet the repayments by showing off their record-keeping books, repayment cards and monitoring plans for the fortnightly visits by the bank. Some groups have also combined their individual members' loans to purchase paddy in bulk.

The improved TADCO drum is still being adapted and modified to meet the women's needs. Although some women have been slow to adopt the improved drum and continue to use their old pots, all are benefiting from the TADCO system's accessories. Mrs Zulai Abubakar, a processor for over 30 years, said the small-scale parboiler was easy to operate and had enabled her to triple her income from parboiling. She explained that the better quality product obtained using the TADCO system fetches ₦30 per *mudu* (3.2 kg) compared with ₦10 for rice parboiled using the traditional parboiler.



"The women were sceptical about the whole process" – Baba Tsoho, BOA Branch Manager, Kano City



"I am so happy. We shall make all effort to repay the loans as soon as possible" – Fatima Dahiru, commercial rice parboiler and group leader, Karfi

Mrs Fatima Dahiru from the Karfi cluster has eight years of rice-processing experience and leads the Baure 'A' Women's Rice Processing Cooperative in Karfi. Her group of 21 women parboilers is the initiative's largest and received a total of ₦1,940,000 (£7,760) in January 2009.

"I am so happy today because of the opportunity we have to receive this equipment and cash," said Mrs Dahiru. "I can now apply the experience I gained during the equipment demonstrations last year to my business. Some women were not allowed by their husbands to attend but I had the opportunity to be trained. We shall make all effort to repay the loans as soon as possible."

## The TADCO Parboiling System

The partnership between TADCO Nigeria Ltd and PrOpCom led to the development of the TADCO improved parboiler. Demonstrations of the parboilers and other improved methods of rice processing were attended by 900 people at 10 sites across the rice processing clusters of Kano. The participants learnt that TADCO parboilers are easier to use and more efficient than traditional parboiling drums. They also provide higher quality rice, meaning parboilers can increase their fee for parboiling one bag of paddy from ₦100 up to ₦250. In addition to a metal drum with a false bottom (which improves parboiling), a complete system comprises 14 components:

- two wooden sieves (one big and one small)
- one local stove
- one rice-drying rake
- three plastic drums (100, 70 and 50 litres)
- two plastic sieves (one big and one small)
- one aluminium strainer
- one plastic bowl
- one metal rice scoop
- one pair of rubber hand gloves
- one mask.

# PrOpCom

Making Nigerian Agricultural Markets Work for the Poor

For more information, please contact

**PrOpCom**  
**Plot 40, Mississippi Street**  
**Maitama-Abuja**  
**Nigeria**  
**Email: [info@propcom.org](mailto:info@propcom.org)**  
**[www.propcom.org](http://www.propcom.org)**  
**Visit 'PrOpCom' on Facebook**

**DFID** Department for  
International  
Development

PrOpCom is funded by the UK's  
Department for International Development.