Regius Capital • SECTOR COMMENTARY

Financing Nigeria's Agriculture

Is Nigeria's agriculture really underfunded?

What five years of credit, capital and output data reveal.

August 2026

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The Regius Capital Sector Commentary Series is Regius Capital's signature collection of analytical reports that blend financial rigour with strategic foresight, offering a full-spectrum view of regional economies and investment landscapes. Each edition spotlights a specific sector, asset class, or market, unpacking capital strengths, funding gaps, and transformative opportunities through research-based insights and real-world market data. This installment, the "Regius Capital Agri Sector Commentary, August 2026", turns the spotlight on Nigerian agriculture, delivering a comprehensive narrative of the financing shifts happening within the sector. It evaluates five years of bank credit, capital market issuance, DFI/private capital, and public funding against the national agriculture output and financing to other sectors to answer a critical question: is the sector indeed underfunded?

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Is Nigeria's agriculture really underfunded?

Nigerian agriculture has drawn more attention from government, banks, development institutions and the capital market over the past five years. Bank credit to the sector rose from about ₦1.46tn at end-2021 to ₦3.81tn by January 2026, while agribusinesses increasingly accessed commercial paper, bonds, public equity, private capital and development finance, alongside expanding public and institutional support.

The more useful questions are therefore not only whether financing increased, but what it financed, where it was deployed, and whether the growth in capital has translated into greater productive capacity across the sector.

We now must ask:
→ What has the capital financed?
→ Where across the value chain has it been deployed?
→ Has agricultural output and productivity expanded alongside the increase in financing?

This commentary tracks formal agricultural financing from 2021 to H1 2026, separating bank-credit flows from capital-market raises, budget allocations, guarantees and actual disbursements. It then tests these numbers against agricultural GDP, the annual food bill, agricultural trade and real sector output, including the extent to which nominal growth may reflect inflation, exchange-rate movements and commodity prices rather than additional production.

It also examines how visible capital is distributed across the value chain—from primary production, inputs and aggregation to commodity trading, processing, exports and integrated agribusinesses—and where limited access to capital may be constraining productivity, supply and scale.

Ultimately, the report seeks to answer three questions: How much formal capital has entered Nigerian agriculture? What has that capital delivered in output and productive capacity? And what financing structure is required to close the remaining gaps across the value chain?

Inside this report

Financing Nigeria's Agriculture: Is Nigeria's agriculture really underfunded?

Agriculture Sector Commentary

Regius Capital

Key takeaways

The five-year data shows that Nigeria's agricultural-financing universe has expanded. Bank credit has increased, commercial paper has become a material funding channel, public-sector support has grown and development institutions and private investors are becoming more active.

Key takeaways: What the five-year data shows

The sector needs more capital, but volume alone will not close the funding gap.

More capital is indeed required, but the impact will depend on where it goes, how it is structured and whether it expands productive capacity.

→ The financing stack has widened.

Agricultural finance has moved from two layers, bank credit and central-bank intervention, to five: bank credit, capital markets, DFI and private capital, public budgets, and guarantees. The base is broader and more diversified than at any point in the past decade.

→ But funding penetration remains low.

Bank credit outstanding is about 3.7 percent of agricultural GDP, a stock built up over years. The new financing deployed in a single year is only about 1.5 percent of the sector's GDP and 1.9 percent of the food bill. On either measure, penetration is low.

→ Capital follows visibility.

In the tracked capital-market sample, processing and integrated players took about 67 percent and trading and export about 26 percent, while inputs, fertilizer and primary production together were about 2 percent. The largest five issuers held about 68 percent. Capital followed scale, bankable assets, reporting and governance.

→ The Need: More capital, better structured.

The sector needs a larger pool of capital, but volume alone will not help. New capital must reach upstream productivity, irrigation, storage and mechanisation, and be matched to asset life, while established processors and exporters keep the working capital they already use well.

The five-year financing record at a glance

Five value types, shown side by side against the size of the sector. They are distinct objects and are not additive.

Table 1, the agrifood financing record, 2021 to H1 2026 (cumulative)

Item	NGN	USD
Bank credit, net new lending (cumulative flow)	**₦3.04tn**	**$4.35bn**
Capital-market raises (CP plus bonds plus equity, gross)	**₦1.73tn**	**~ $1.7bn**
DFI and private capital (disbursed)	**₦1.9tn**	**$1.27bn**
Public intervention, selected (CBN cumulative to Sep 2023)	**₦2.07tn**	**context**
BOI agribusiness disbursement (2025)	**₦202bn**	**$133m**

Table 2, Economic Context, 2025 (with USD):

Item	NGN	USD
Agricultural GDP	**₦103.9tn**	**$68.3bn**
Estimated annual food bill	**₦82.0tn**	**$53.9bn**
Agricultural exports	**₦5.07tn**	**$3.33bn**
Agricultural imports	**₦4.76tn**	**$3.13bn**

Ratios, 2025 single-year flow vs 2025 output

Bank credit stock/agric GDP	**about 3.7% (stock)**
Formal-financing flow/agric GDP	**about 1.5% (flow)**
Formal-financing flow/food expenditure	**about 1.9% (flow)**
Expanded support envelope/agric GDP	**about 2.8% (support)**

Note: Different value types are not additive. Bank-credit flow, capital-market raises, DFI disbursements, CBN intervention and BOI disbursement are distinct objects, shown side by side, not summed.

Stock and flow are also distinct: 3.7 percent is total bank credit outstanding against one year of GDP, while 1.5 percent is one year of new financing against the same GDP, so a stock accumulated over years is naturally larger than a single year's flow.

DFI is dominated by one fertilizer package (about 75 percent mobilised from others, not DFI own-account). CBN intervention is cumulative since inception and now wound down. USD figures use the FX average of the entire period.

Source: CBN, FMDQ, NBS, Budget Office, NIRSAL, BOA, BOI, IFC, issuer and DFI records.

01.

The Funding Reset

The financing universe has expanded beyond bank credit and central-bank intervention into market debt, equity, DFI capital and guarantees. Nigerian agriculture is now financed through a broader capital stack.

The funding stack is now broader.

For two decades, agricultural finance meant two things: what the banks would lend and what the Central Bank disbursed. Between 2021 and H1 2026 it moved across five distinct layers, each with its own cost, tenor and provider, set out below.

Layer	Value	Measure
Bank credit	**₦3.04tn**	cumulative net new lending (flow),
Capital-market raises	**₦1.73tn**	cumulative gross issuance, 2020 to H1 2026
DFI and private capital	**₦1.9tn**	disclosed disbursement, one fertilizer deal dominant
Budget allocations	**₦1.45tn to ₦1.48tn**	2026 allocation (ceiling)
Guarantees, facilitated (NIRSAL)	**₦270bn**	cumulative since 2013

45%

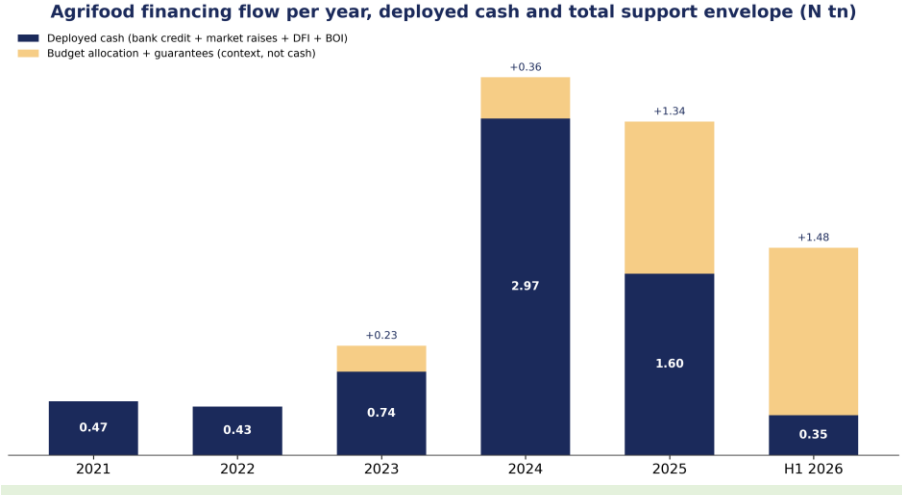
₦3.04tn. Bank-credit flow is the largest identified cash channel, about 45% of identified cash flows.

2 → 5

Financing layers now active, up from two a decade ago.

2023 ↗

Since 2023, capital-market issuance is the fastest-growing layer



The proxy sums net bank-credit movement, market issuance and disclosed deployment. The non-cash line adds budget and guarantee support. These shape the sector but are not equivalent to capital confirmed as deployed.

The five layers are complementary, with each answering a different financing need, so they are shown side by side rather than summed into one total.

Capital-market issuance has grown fastest since 2023, though agrifood is still a low-single-digit slice of all-sector FMDQ commercial paper. Whether the broader stack reaches the parts of the sector that most need capital is the question the next sections test.

Source: Regius Capital; CBN; FMDQ; Budget Office; NIRSAL; BOA; NADF; issuer and DFI disclosures.

Bank credit has more than doubled but remains a small share of total credit.

Deposit money bank credit to agriculture rose from about ₦1.46tn at end-2021 to ₦3.71tn at end-2025 and ₦3.81tn at H1 2026. Measured as flow, net new lending totaled about ₦3.04tn across the period. Against a sector that is ~25% of the country's GDP, both remain modest. Agriculture's share of total bank credit is below 6 percent, and the outstanding book is about 3.7 percent of agricultural GDP.

Note: ₦3.81tn is a stock, the total outstanding; ₦3.04tn is the flow of new lending across the period

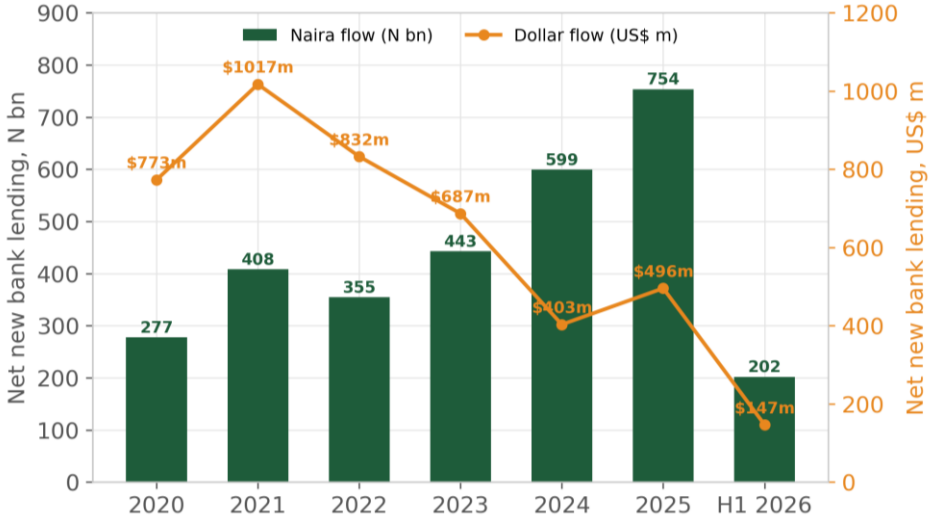
about a quarter (~25.8%)
Agriculture share of GDP (2019 rebased base year)

3.7% Bank credit stock as a share of agricultural GDP (₦3.81tn of ₦103.9tn)

₦3.81tn
Stock at H1 2026

below 6%
Agriculture share of total bank credit

Bank credit to agriculture



Cumulative net new lending (about N3.04tn, summed from annual movements 2020 to H1 2026) differs from the change in the outstanding stock because the existing book was partly revalued and reclassified over the period, notably after the 2023 float.

In Naira terms the credit stock has clearly risen. Converted at each year's average rate, though, the picture is more measured: dollar lending peaked near US$1.0bn in 2021 and eased to about US$0.40bn in 2024 and US$0.50bn in 2025, even as the Naira book more than doubled. Much of the Naira increase therefore reflects the post-2023 FX rate regime.

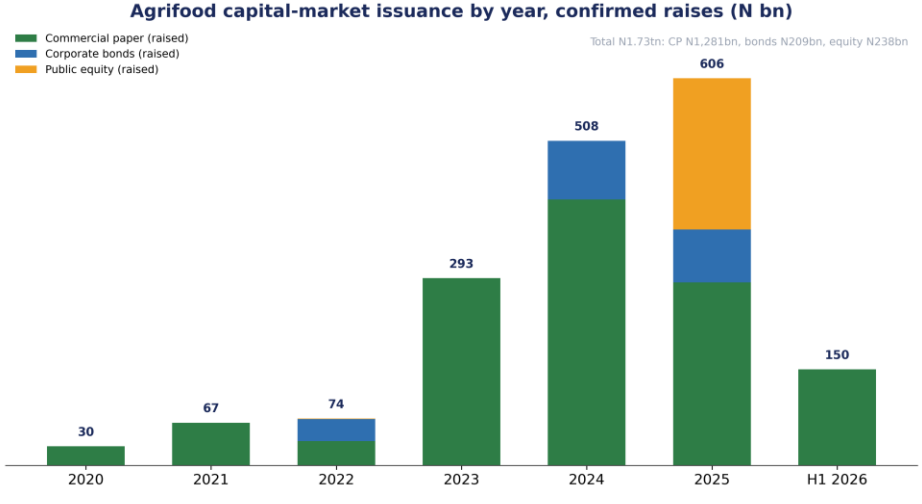
Source: CBN credit data and Nigerian financial press; Regius Capital.

Repeated issuance is deepening agriculture's access to the capital market

Between 2020 and H1 2026, identified agrifood capital-market transactions totalled approximately ₦1.73tn, comprising about ₦1.28tn of commercial paper, ₦209bn of bonds and ₦238bn of public equity. The increase became particularly visible from 2023, with annual issuance rising from ₦74bn in 2022 to ₦293bn in 2023, ₦508bn in 2024 and approximately ₦606bn in 2025.

The more important point, however, is what the cumulative number represents. Commercial paper is repeatedly issued, matures and is repaid. Issuers then return to the market with new series as fresh working-capital requirements arise. The ₦1.28tn of identified CP issuance is therefore not the amount of CP outstanding today; it is the cumulative volume of funding accessed through the market over the period. At any point in time, outstanding CP is materially lower than cumulative issuance because earlier series would already have matured and been repaid.

This repeat issuance is itself significant. Established agricultural and commodity businesses including Johnvents, Sunbeth, Valency Agro, Neveah, Zeenab and Agro-Eknor have increasingly used the market for working capital needs across aggregation, supply chain, processing, and trade. Public equity and longer-term debt remain much smaller components, although transactions such as Presco's ₦236.7bn equity raise demonstrate that the market can also provide sizeable permanent capital when the issuer and transaction are sufficiently developed.



₦1.73tn
Cumulative issuance, 2020 to H1 2026

~₦238bn
Public equity raised, 2020 to H1 2026

~18
Issuer groups in the compiled dataset

~68%
held by the largest five issuers

Source: FMDQ admissions and issuer records; NGX and issuer filings. Figures are traceable lower bounds; broad agrifood scope.

Capital-market funding is concentrated in short-tenor, downstream activity.

74 percent of tracked market funding is short-tenor paper, and about 93 percent went to processors, integrated players, traders and exporters. Inputs, fertilizer and primary production together were about 2 percent.

By instrument

By tenor

By value-chain segment

Figures are confirmed gross issuance, a traceable lower bound; programme ceilings and unconfirmed offers are excluded.

Institutional capital has followed businesses with visible cash flows, bankable assets, and shorter cash conversion cycles. Upstream segment of agriculture needs capital and can absorb it. However, current distribution reflects what is currently bankable, not where capital is most needed.

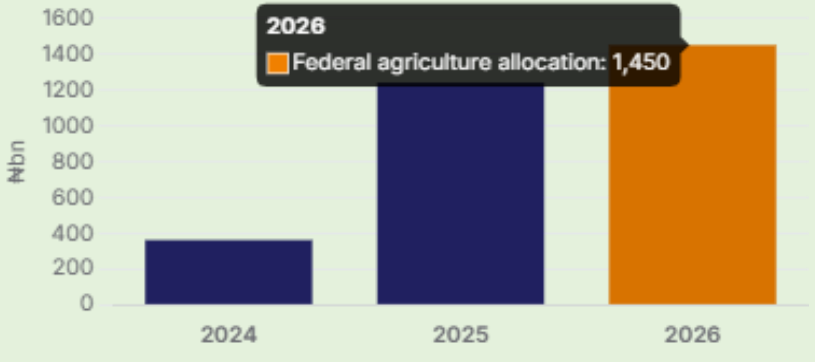
Source: Issuer and arranger disclosures; FMDQ and NGX; Nairametrics, BusinessDay and Regius Capital records.

Public and catalytic capital map

Public financing and support works through allocations, recapitalisations, guarantees and development-finance disbursements. Each is a different kind of money, shown here by type rather than summed.

Institution	Amount	Type	Period	Status
Federal agriculture allocation	~₦1.45tn	budget allocation	2026	proposed ceiling; historically under-released
Bank of Agriculture	₦1.5tn	recapitalisation	approved 2025	new board 2026; disbursement quality unproven
Bank of Industry	₦202bn	actual disbursement	2025	agribusiness ~32% of BOI's N636bn
NIRSAL	₦270bn	guarantee, facilitated	cumulative since 2013	over N100bn of guarantees in 2025
ACGSF	₦122.63bn	guarantee	inception to Mar 2021	restructured 2025/26 to de-risk bank lending
CBN intervention	₦2.07tn	direct lending	cumulative to Sep 2023	wound down; Anchor Borrowers discontinued
NADF	operational	programme	ongoing	Farm Input Support; nationwide
DFI programmes	₦1.9tn	disclosed deployment	cumulative	IFC/Indorama fertilizer (US$1.25bn) dominant

Federal agriculture allocation

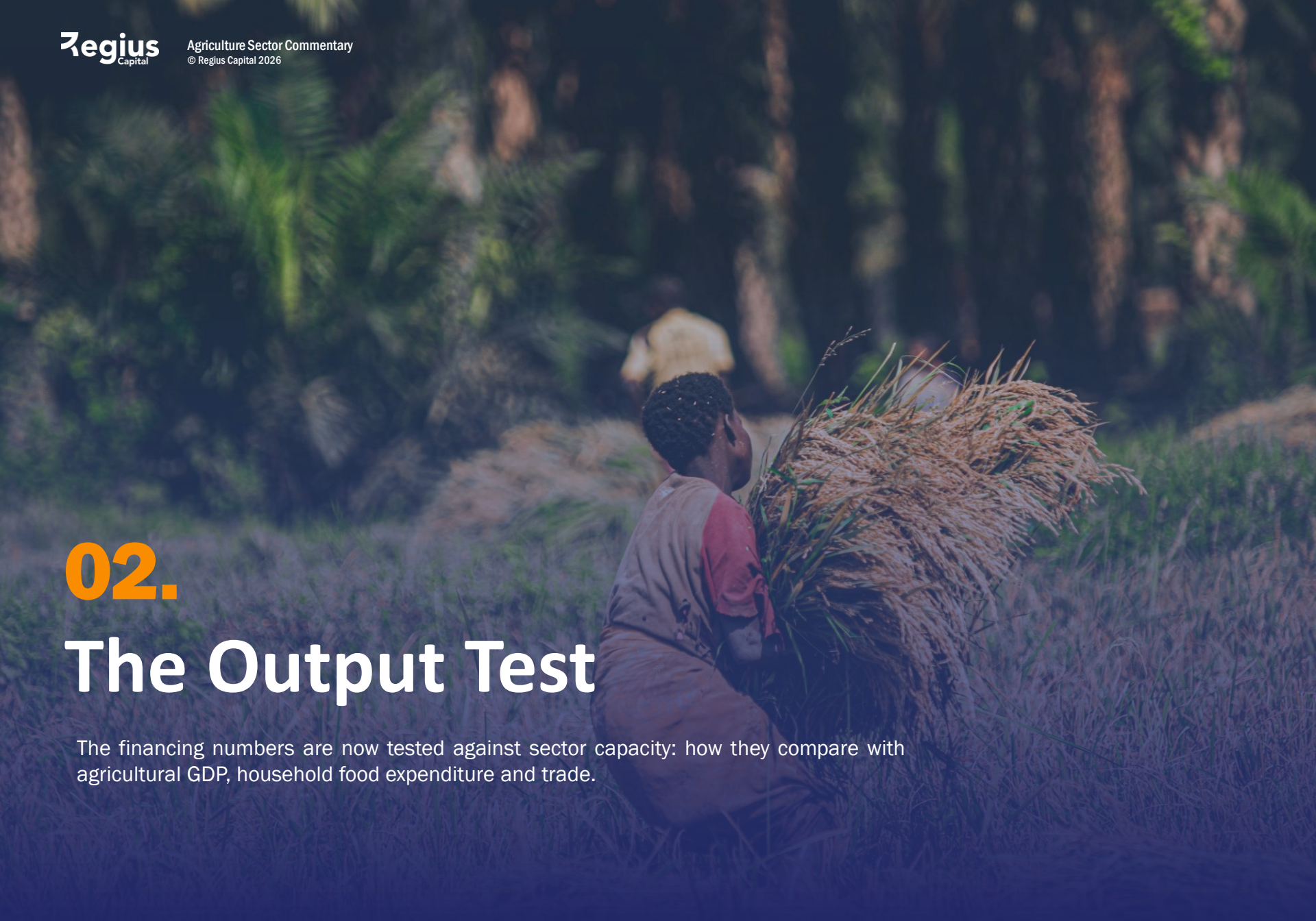


Budget allocation, not disbursement. The 2026 bar is proposed. Figures vary by whether legislative insertions are included.

2.5/10% 2026 allocation as a share of budget, against the Maputo/Malabo benchmark

At about 2.5 percent of the ₦58.18tn national budget, the 2026 allocation is well below the 10 percent Maputo and Malabo benchmark. More broadly, public support has shifted from direct central-bank lending towards recapitalising institutions and guaranteeing private credit. Whether that support converts into investable, well-structured, repayable finance is what is up for scrutiny.

Source: 2026 Appropriation Bill and State House; Budget Office; CBN; BOA announcements; press. Each figure labelled by type.



02.
The Output Test

The financing numbers are now tested against sector capacity: how they compare with agricultural GDP, household food expenditure and trade.

The value of agriculture has expanded much faster than its productive capacity.

Between 2021 and 2025, nominal agricultural GDP increased from roughly ₦41tn to ₦103.9tn — about 2.5x. Over the same period, the estimated food bill rose from about ₦31tn to ₦82tn — about 2.6x. In nominal terms, therefore, the value of food demand has expanded at least as quickly as the value being created by the sector.

The more important question is what sits behind that growth. Agricultural GDP has increased at roughly 26% a year in nominal naira terms over the period, while the food bill has increased by approximately 28% a year. Real agricultural production, however, has grown only in low single digits. The difference suggests that much of the apparent expansion in sector value has come from higher prices, currency effects and commodity repricing rather than a corresponding increase in physical output.

That distinction matters for financing. If purchasing power, processor working capital and export finance continue to expand faster than farm yields and primary supply, additional liquidity ultimately competes for substantially the same pool of commodities. The result is higher farm-gate prices, larger working-capital requirements and pressure on processor margins rather than a proportional increase in food availability.

The financing gap is therefore also a productivity gap. Additional output still depends heavily on expanding cultivated land rather than producing materially more from each hectare. Capital directed towards irrigation, improved inputs, mechanisation, storage, extension and farm aggregation would therefore do more than increase financing volumes: it would expand the productive base that the rest of the value chain depends on.

₦82.0tn

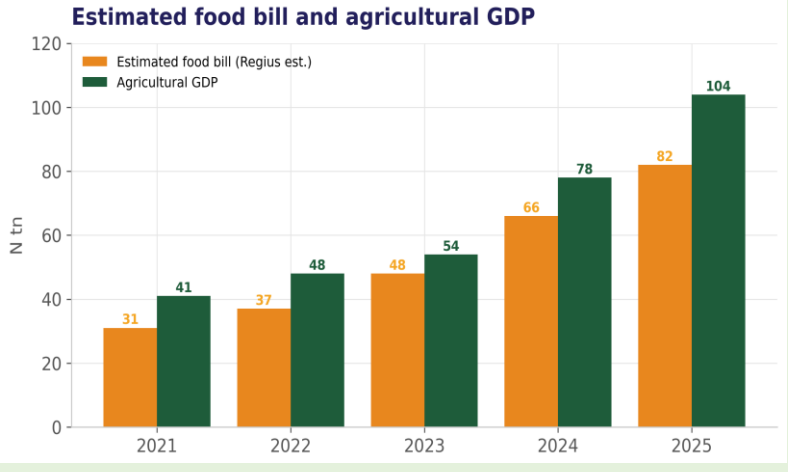
US$54bn. 2025 food bill (Regius Capital estimate)

₦103.9tn

US$68bn. 2025 agricultural GDP

~1.7%

Five-year market issuance vs one year of agricultural GDP



Food demand and sector output both sit near ₦80tn to ₦100tn, far above annual financing flows.

The scale gap is the point. One year of agricultural GDP is about ₦103.9 trillion; the entire five-year compiled capital-market issuance is about ₦1.73 trillion, or roughly 1.7 percent of a single year's output. Even adding bank credit and public support, identifiable financing is a low single-digit share of what the sector produces and of what the country spends on food.

Source: NBS GDP (2019 rebased base year) and 2019 Consumption Expenditure Pattern; cereal yields from World Bank Open Data/FAO Data; food expenditure after 2019 is a Regius Capital estimate.

Trade earnings have strengthened — but value has grown faster than underlying capacity

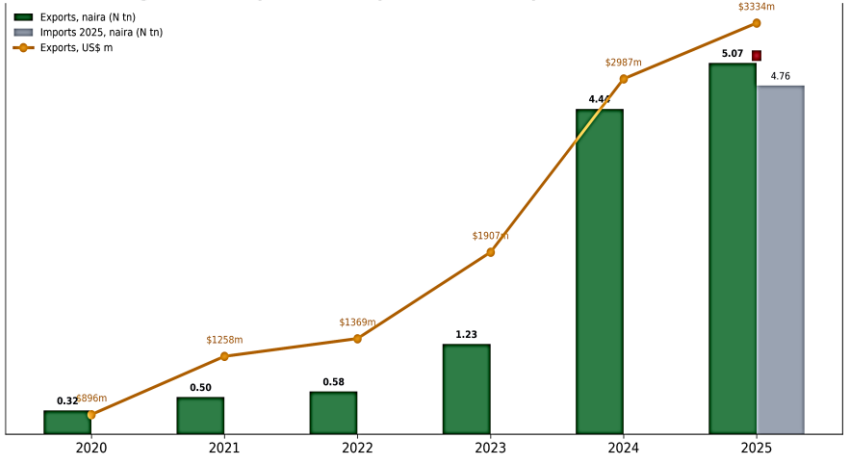
Nigeria's agricultural export story is stronger than the naira chart alone suggests, but it is also more nuanced. Agricultural exports reached about ₦5.07 trillion in 2025, while imports were approximately ₦4.76 trillion. The resulting surplus is noteworthy, but the more useful test is what drove the change in export value.

Cocoa provides the clearest example. Nigeria's raw cocoa-bean exports increased from approximately 128,000 tonnes in 2020 to 307,000 tonnes in 2024, a 2.4x increase in volume. Over the same period, export value increased from roughly US$292 million to US$1.63 billion, or 5.6x. The sector therefore produced and exported more, but earnings increased much faster than physical volumes as global cocoa prices rose sharply.

That distinction matters for finance. Higher commodity prices increase the working capital required to finance each tonne of exports. Some of the growth in agricultural credit and commercial-paper requirements may therefore reflect the higher naira value of inventory rather than a proportionate increase in productive capacity.

The import side points to a different constraint. Nigeria continues to import major food and processing commodities such as wheat and refining sugar. Durum wheat was already one of the country's largest imports in 2020 and remained among the leading imports in Q4 2025. Domestic wheat production still supplies only a small fraction of consumption, suggesting that changes in the import bill cannot automatically be read as improvements in domestic productivity.

The trade opportunity is therefore two-sided: ***expand the volume and value added in exports, while directing capital towards domestic production and processing in import-dependent value chains.***



Indicator (2025)	Value (NGN)	Value (USD)
Agricultural exports (NBS)	**₦5.07tn**	**$3.33bn**
Agricultural imports (NBS)	**₦4.76tn**	**$3.13bn**
Agricultural trade balance	**+₦0.31tn**	**+$0.20bn**
Total non-oil exports (NBS, NGN converted)	**₦12.36tn**	**$8.13bn**

Notably, the ₦4.76 trillion import bill is itself the opportunity: every tonne of milled grain, refined sugar or processed dairy substituted at home is domestic output that can be financed. Trade finance follows the export names easily; the larger prize is financing the processing and supply base that would widen the basket beyond cocoa.

Source: NBS Foreign Trade Statistics (Naira); NEPC non-oil export performance (dollar). Measures use different classifications and are shown separately.

02. Financing Intensity

Low *relative to output*

Formal financing remains low relative to sector output and food demand.

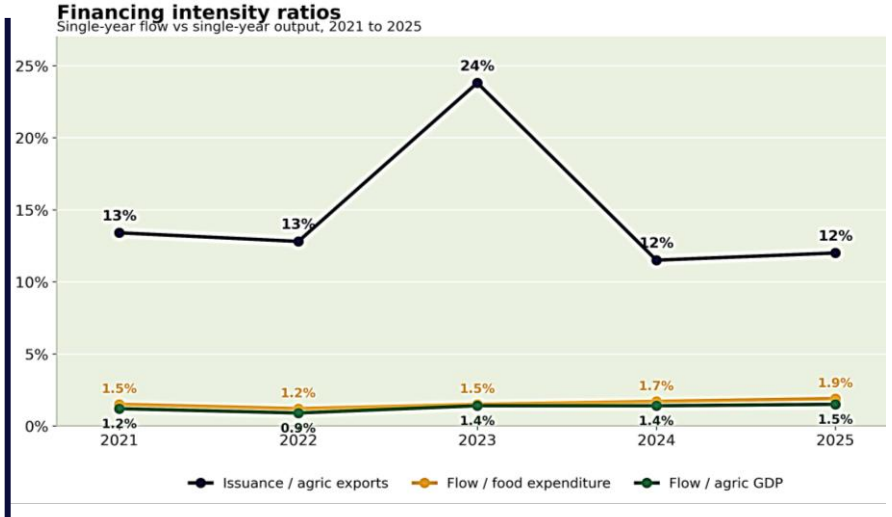
At roughly 3.7% of agricultural GDP, Nigeria's formal bank-credit stock looks shallow even before considering the structure of the lending. FAO's comparable measure of credit relative to agricultural value added averaged approximately 6% across Africa and 32% globally between 2015 and 2024. This comparison puts Nigeria towards the thin end of an already under-financed continent.

This imbalance is further visible when you compare agriculture's economic weight with its share of bank lending to the sector's GDP of 3.7% against the roughly ~25% contribution of agriculture to the economy, that implies the sector receives only ~20% of the credit share its economic weight might suggest. The issue is therefore not simply that the loan book is small; formal banking remains structurally under-oriented towards agriculture.

The low ratio tells us something important about where the rest of the financing burden sits: retained earnings, shareholder capital, supplier credit, buyer advances, cooperatives, informal finance and internally generated working capital are likely carrying a much larger role than they would in a deeper institutional market.

The capital-market ratio adds another dimension. Issuance equivalent to about 12% of agricultural exports is much higher than the 1%–4% ratios seen against GDP and food expenditure. That is consistent with where institutional funding has found the easiest entry point: export-linked businesses with visible inventories, receivables and cash flows. The financing system is therefore deeper around tradeable output than around the productive base that creates that output.

The implication is not simply "lend more". If additional capital continues to finance commodity purchases faster than production capacity, the system can end up financing higher working-capital requirements rather than higher productivity. The larger opportunity is to move some of that financing depth upstream—into irrigation, yields, storage, mechanisation and integrated production—while using capital markets to refinance eligible downstream businesses more efficiently.



Flow-to-GDP and flow-to-food sit in low single digits. Issuance-to-exports is higher, reflecting the funded export slice.

The 2023 peak reflects issuance rising ahead of exports; the fall from 2024 is largely the naira export base expanding on the exchange-rate move.

2025 measure	Ratio
Bank credit stock/agricultural GDP	**~3.7% (stock)**
Formal-financing flow/agricultural GDP	**~1.5% (flow)**
Formal-financing flow/food expenditure	**~1.9% (flow)**
Issuance/agricultural exports	**~12%**
Envelope (non-cash)/agricultural GDP	**~2.8%**

Source: Regius Capital analysis using CBN, FMDQ, DFI and public data, NBS GDP and trade, and the Regius Capital food-expenditure estimate. Envelope is non-cash support, not deployed capital.

03.
Follow the Money

Institutional capital has followed scale, visibility and identifiable cash flows; this section examines how it is distributed across the wider value chain.

Visible market capital concentrates downstream

Mapping the compiled public capital-market dataset onto the value chain shows where visible institutional financing lands. Funding intensity is greatest at processing and export. Inputs financing is almost entirely one fertilizer bond, and primary production itself is negligible.

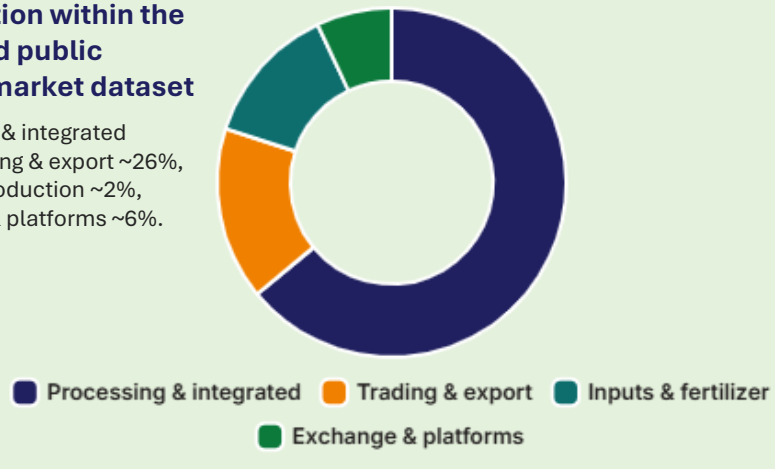
This distribution is rational at the level of any individual lender. Processors, traders and exporters have scale, proper reporting & governance, bankable assets, and secured off-takers. A note backed by cocoa inventory and a confirmed offshore sale is a clean, self-liquidating credit. A facility to a fragmented base of smallholders, with no collateral and weather-dependent cash flows, is not.

Inputs and primary production is now negligible in the public market, about 2 percent, split between Saro and Golden Fertilizer commercial paper. The large fertilizer financing of the period, Indorama's US$1.25bn package, came through DFI, not the capital market.

Note: The shares are the distribution within internally compiled public capital-market dataset, not a measure of all agricultural funding in Nigeria which may include private investments or facilities.

Distribution within the compiled public capital-market dataset

Processing & integrated ~67%, trading & export ~26%, inputs & production ~2%, exchange & platforms ~6%.



Source: Regius Capital analysis of the compiled public capital-market dataset, 2020 to H1 2026. Compiled publicly available data; not total sector funding.

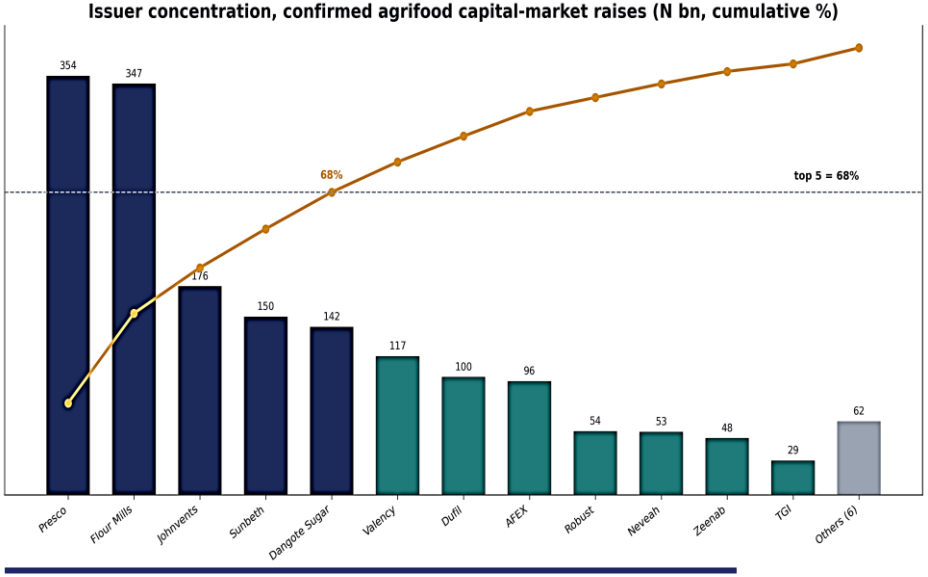
Institutional capital is available—but the bankable issuer pool remains narrow

The concentration data points to a more important issue than the identity of the largest issuers. In the tracked public-market universe, the largest two recipients account for about 41% of financing, the largest five for 68%, and the largest eight for approximately 86%. The market therefore narrows very quickly beyond a relatively small institutional tier.

This appears to be less a question of investor appetite than of issuer readiness. Businesses that repeatedly access the market tend to have the characteristics institutional capital requires: audited financials, identifiable cash flows, ratings, established governance, sufficient transaction size and a clear repayment source. Once those conditions are present, the evidence suggests that issuers can raise, repay and return to the market.

The more relevant gap is therefore the missing middle—businesses with real operating scale and capital requirements, but which are not yet structured to access institutional markets directly. That challenge is even more pronounced in primary production, where fragmentation makes standalone issuance difficult.

Broadening agricultural finance will therefore require more than adding new names to an issuer list. It requires creating institutionally investable structures—through stronger governance and reporting, credit enhancement, aggregation, project SPVs and structures that allow multiple smaller operators to access capital as one financeable platform



TOP 5 Presco ~20%, Flour Mills ~20%, Johnvents 10%, Sunbeth ~9%, and Dangote Sugar ~8%.

68%
Share held by the largest 5 recipients

~18
Issuer groups in the compiled dataset

Source: Regius Capital aggregation of the compiled public capital-market dataset, 2020 to H1 2026. Excludes undisclosed bank and private facilities.

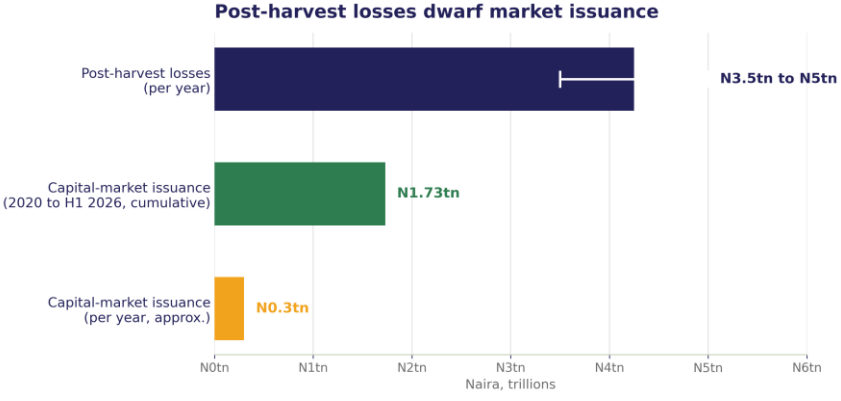
Concentrating funding downstream has consequences upstream.

Downstream funding grows → **Upstream supply remains relatively fixed** → **Competition for commodities increases** → **Raw-material and working-capital needs rise** → **Processor margins and capacity utilisation come under pressure**

If formal capital touches so little of the sector, something else is funding the roughly ₦104tn of output that plainly exists. That gap is filled outside the formal system: self-finance, retained farm income, input-supplier and off-taker advances, aggregator prefinancing and cooperative credit. This capital is real, but it is expensive, short and fragmented, and it cannot fund the long-life assets, irrigation, storage, mechanisation and processing, that would enlarge supply. The sector is not unfinanced; it is financed inefficiently.

When more capital flows to traders and processors while upstream supply remains relatively fixed in the short run, competition for the same commodities increases. Raw-material prices and working-capital requirements rise, and processor margins and capacity utilisation can come under pressure. The effect can reach households as food-price pressure, because the additional capital finances competition for existing supply rather than the creation of new supply.

This is why upstream finance supports the resilience of the entire value chain. Capital that expands productivity, irrigation, inputs, storage, mechanisation and traceability protects the processor's margin, the exporter's receivables and the price on the household's plate. Post-harvest losses, estimated at ₦3.5 trillion to ₦5 trillion a year, sit almost entirely in this underfunded upstream, and exceed several years of tracked market issuance.



Concentration is partly influenced by large one-off bond and equity transactions; the pattern should therefore be read alongside repeat CP activity.

The importance of the upstream is clear. Post-harvest losses of ₦3.5 trillion to ₦5 trillion a year, concentrated in the underfunded upstream, exceed the entire five-year compiled market issuance of ₦1.73 trillion. Financing storage, aggregation, inputs and mechanisation is therefore not just social cost. It is among the highest-return uses of capital in the chain, because it recovers output that is currently lost.

Source: Regius Capital analysis and classification of the compilation of disclosed and public capital-market dataset, 2020 to H1 2026.

04.
The Frictions

Cost, tenor, scale and fragmentation shape how funding translates into productivity.

Bank funding remains expensive, while short tenor limits productive productive investment.

On Regius Capital market estimates, larger agricultural borrowers face all-in, fee-inclusive bank funding costs of roughly 30 to 35 percent, and smaller players roughly 40 to 45 percent. The capital market, on the other hand, has posted indicative avg. clearing yields of ~19 to 27%.

In that context the capital markets are part of the solution. Eligible issuers are increasingly using commercial paper to diversify funding and reduce dependence on bank debt.

The more binding constraint with overall funding is tenor. The average tenor is short, on Regius Capital estimates around two and a half years, with much of the newest capital at the very short end.

Short tenor suits fast-turning assets, not the plant, irrigation scheme or plantation whose cash flows mature over 5 to 15 years. Matching the tenor of the money to the life of the asset is what turns funding into productivity.

10-15pp
capital cost savings

For a name that can access it, commercial paper can cut the all-in cost by roughly 10 to 15 percentage points. That saving, not a change in strategy, is what has pulled eligible issuers into the market, and it is available only to businesses already structured to issue.

Matching finance to asset life

Seasonal stock Commercial paper, revolving lines	0.25 to 1 yr
Equipment Leasing and term debt	2 to 4 yrs
Processing plant Bonds and project debt	5 to 8 yrs
Irrigation, plantation Equity, long-term project debt	7 to 15 yrs

30 to 35% all-in, larger borrowers

40 to 45% all-in, smaller players

Average tenor **≈ 2.5 yrs** *(Regius Capital estimate)*

Source: Regius Capital market-engagement estimates. Ranges are indicative and fee-inclusive.

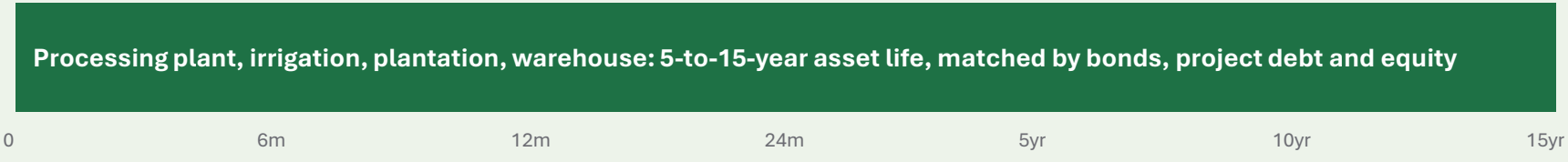
Commercial paper fits seasonal cash cycles; productive assets require longer-term capital.

Commercial paper, including asset-backed structures, is well suited to funding a season of inventory, a batch of receivables or a cycle of aggregation, and being repaid when that cycle completes. Productive assets have a different profile: a processing plant, an irrigation scheme or a plantation generates cash over many years, and is best matched by capital of comparable duration, bonds, project debt, DFI term debt and equity.

Matching tenor to asset life

Commercial paper fits the seasonal cycle beneath an asset, not the multi-year asset itself; funding the asset with paper means refinancing it 15 to 20 times.

Assets require longer-term financing.



The point is matching rather than substitution. Commercial paper remains the right instrument for seasonal working capital; longer-dated instruments are the right fit for long-life productive assets. Aligning the tenor of the money with the life of the asset is what allows the capital stack to support productive investment.

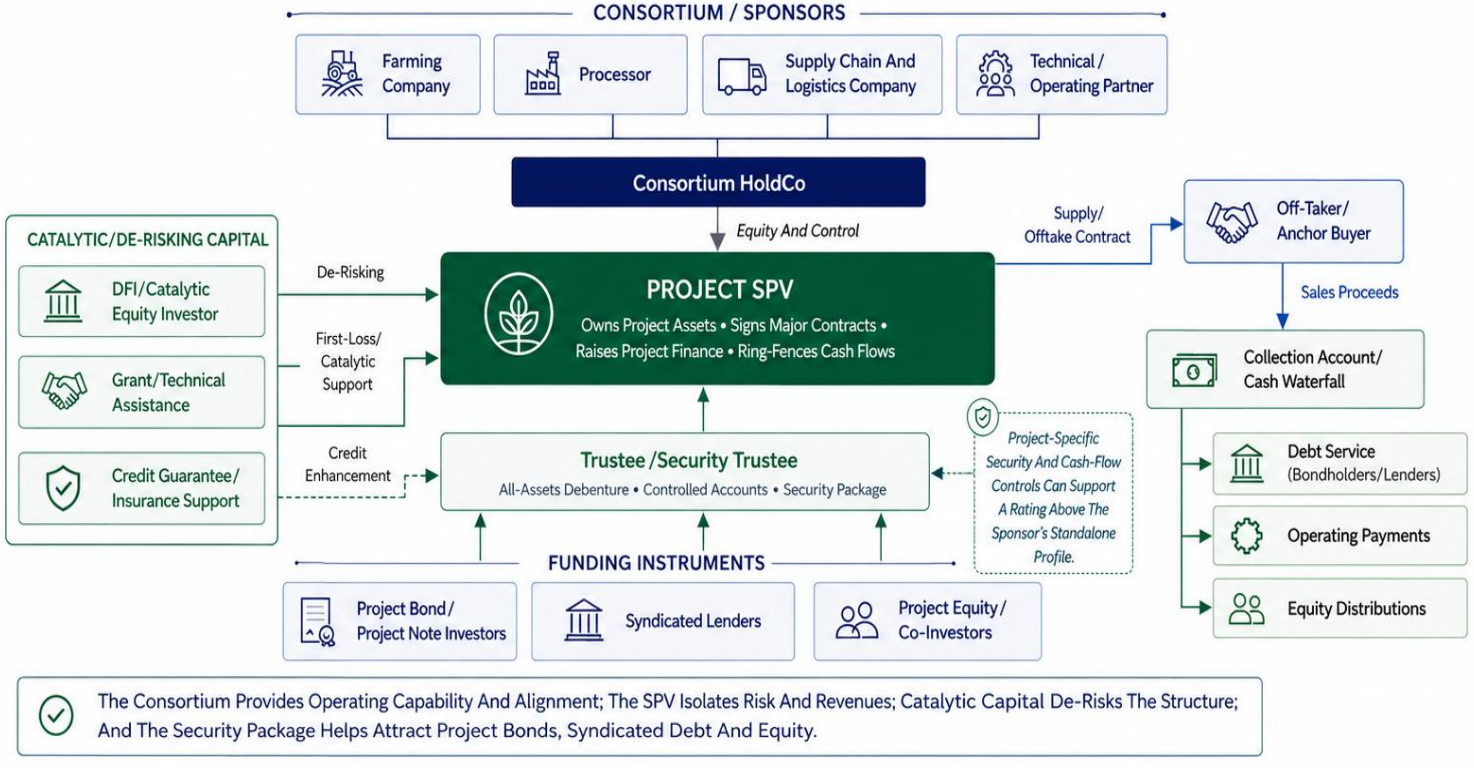
05.
The Capital Architecture

A potential financing architecture combines consortiums, SPVs, blended finance, milestone-based deployment and instruments matched to purpose.

A consortium-led SPV can aggregate the value chain, isolate project cash flows and create the credit structure required to attract institutional capital.

Upstream agriculture is difficult to finance not only because of risk, but because the risk is fragmented across farmers, inputs, irrigation, logistics, processing and off-take. Individually, many of these participants are weakly capitalised to support institutional debt. A consortium structure brings them into one project, while the SPV separates the project economics from the balance sheet of any single participant. This changes the credit proposition. Investors are no longer lending only to a farmer, processor or logistics company; they are financing a contracted value chain with defined assets, revenues, security and risk allocation.

1. **Aggregates scale**
   Combines fragmented upstream participants into one financeable project.
2. **Ring-fences cash flow**
   Off-take proceeds are captured in controlled accounts and applied through a defined waterfall.
3. **Allocates risk**
   DFIs, guarantees, insurance and sponsor equity absorb different layers of project risk.
4. **Unlocks institutional capital**
   Project bonds, syndicated debt and co-investment can be raised against project economics and security—not only sponsor balance sheets.



Source: Regius Capital structuring framework

Use catalytic capital to unlock multiples of commercial funding

The funding gap identified earlier in this report is most severe where commercial investors face risks they cannot easily price—primary production, irrigation, farmer aggregation, new infrastructure and early-stage project development. These are also the areas where grants and concessionary capital can have the greatest leverage.

The objective should therefore not be to use concessional funding as a permanent substitute for commercial capital. Its role is to absorb defined risks, improve project economics and create the conditions under which larger pools of debt and equity can participate.

A grant may fund feasibility, farmer onboarding or technical assistance. A DFI may provide first-loss capital, partial guarantees or longer-tenor debt. Sponsor equity absorbs commercial risk. Once those layers are in place, senior lenders and institutional investors can fund the part of the project whose cash flows are sufficiently visible.

Used this way, catalytic capital does more than fund one project. **It can multiply the amount of investable capital available to the sector.**

An illustrative capital stack

Layer	Share	Role
Grant / first-loss	10%	Absorbs early-stage and development risk
Sponsor / project equity	25%	Carries commercial risk and aligns sponsors
DFI / concessional debt	25%	Extends tenor and lowers blended funding cost
Senior commercial capital	40%	Funds scalable, cash-generating project assets

₦1 → ₦3 → ₦8

Why this matters in Nigerian agriculture

Formal financing remains low relative to sector output, while the most capital-constrained parts of the value chain are also the hardest for commercial lenders to underwrite. Blended finance provides a bridge between these two realities: **public or development capital takes the risks that prevent the project from reaching bankability, while private capital provides the scale.**

The cost implication

Where conventional bank funding can reach 30%–35% for larger borrowers and 40%–45% for smaller players, introducing lower-cost DFI debt, guarantees or first-loss support into the stack can materially reduce the project's blended cost of capital without requiring the DFI to fund the entire transaction.

Source: Regius Capital framework; IFC and Sahel Capital blended-finance structures; AfDB and Agri Frontier benchmarks.

The funding products serve different purposes.

As the capital stack is now multi-instrument, the discipline that separates a durable financing outcome from a fragile one is matching the instrument to the asset and the cash cycle. Each instrument solves a specific problem and using it for the wrong problem is where structural risk arises.

Product	Main use case	What it solves
Commercial paper	Working Capital	Diversifies bank funding and matches working capital cycle.
Bonds and project debt	Longer-term productive assets, expansion	Provides duration matched to asset life
Equity	Expansion, deleveraging, balance sheet	Strengthens balance sheet and debt capacity
DFI and private capital	Patient or catalytic requirements	Reduces blended cost and adds patient capital

The product stack is a solution set rather than a ranking. Commercial paper, matches the working capital cycle. Bonds and DFI term debt provide the duration a processing plant or irrigation scheme needs. Equity strengthens the balance sheet so more debt can be raised safely on top of it. Structural risk arises where long-life productive assets are funded with short-life rolling paper as the friction Section 04 examines.

Working capital → Commercial paper, including asset-backed structures: funds a season, repaid when the season ends.
Productive assets → Bonds, project debt, DFI term debt: duration matched to a 5-to-15-year asset.
Balance sheet → Equity (reduces leverage so more debt can sit safely on top).

The sequence matters as much as the mix: Equity and patient capital first build the base, term debt then funds the asset, and short paper finances the cycle the asset runs.

From funding gaps to investable instruments

The opportunity is not simply to introduce more sources of capital. It is to structure agricultural cash flows, assets and measurable outcomes in a form that different investors can underwrite. Once the use of proceeds, tenor, repayment source and risk allocation are clear, the sector can access a much wider pool of institutional capital.

Impact and climate capital where the outcome can be measured

Agriculture naturally creates outcomes that specialised capital already seeks—higher yields, reduced post-harvest losses, renewable energy use, water efficiency, farmer income and food security. The opportunity is to convert those outcomes into measurable transaction terms.

Transaction	What could be financed	How the impact feature works
Green bond	Solar irrigation, cold chain, renewable captive power	Proceeds restricted to eligible green assets
Sustainability-linked bond/loan	Processor or integrated agribusiness expansion	Pricing linked to yield, traceability, emissions or farmer-inclusion KPIs
Impact equity	Primary production and outgrower platforms	Return combined with measurable farmer/productivity outcomes
Climate/project facility	Irrigation, water efficiency, resilient agriculture	DFI/guarantee layer absorbs climate or development risk

There is more room between bank loans and equity

Nigerian agribusiness financing remains heavily weighted towards bank facilities and short-tenor instruments. The opportunity is to deepen the middle of the capital structure: longer-dated bonds, project notes, secured private credit, pooled issuer programmes and asset-backed structures.
This is particularly relevant for businesses that are too large to rely only on bilateral bank facilities but are not yet natural public-equity issuers.

The financing gap becomes investable when cash flows are structured, risks are allocated and the right instrument is matched to the asset.

Neither pool is exotic. Both require the project to be structured well enough to be measured and priced, the same discipline the rest of this architecture applies.

Source: Regius Capital analysis; IFC blended-finance and impact frameworks; FMDQ and NGX market data.

Nigeria needs more capital — but each layer needs a different kind

The operating principle is to match each instrument to the asset it funds and the cash flow that repays it, across the value chain.

Financing need	What the data tells us	Best-fit capital	Practical structure
Seasonal inventory	Short-tenor funding already has the deepest market access	CP / asset-backed CP	180–360 day note tied to inventory, off-take and controlled collections
Export receivables	Export-linked businesses attract institutional funding because repayment is visible	Export / receivables finance	Contracted sales, domiciled proceeds and repayment waterfall
Processing & storage	Current average debt tenor of ~2.5 years is too short for many productive assets	Bonds, DFI term debt, project finance	SPV-backed plant/storage financing against contracted throughput
Primary production	The weakest funding penetration sits upstream	Blended finance + input / production finance	Processor-backed outgrower or production platform with insurance and off-take

The financing implication is integration. The businesses that access institutional capital most easily are those with visible supply, processing, logistics and off-take. Extending that same discipline upstream can create larger, more predictable financing units. Rather than finance a farm, processor and logistics operator independently, the value chain can be aggregated into one project or platform with contracted cash flows.

This also addresses the sector's scale problem: several operators that are individually too small for institutional capital can become financeable when their production, infrastructure and off-take are pooled through an SPV or consortium.

Matching the instrument does more than improve tenor. It can reduce the blended cost of capital: refinance expensive working-capital lines through the market, introduce DFI capital where commercial pricing is prohibitive, and reserve equity for risks debt should not carry.

The objective is not simply to raise more capital, but to create a financing path in which catalytic capital prepares the project, patient capital builds it, working capital operates it, and institutional markets scale it.

Source: Regius Capital structuring framework.

Milestone-based deployment can bring institutional capital into projects earlier

Agricultural projects often require capital before they have established operating cash flows. Funding the full requirement upfront leaves investors exposed to development and execution risk; waiting until the project is fully operational can leave the project unable to reach bankability. Milestone-based deployment bridges that gap. Capital is committed upfront but drawn progressively as defined risks are retired — land and approvals, contracted supply, construction, production and ultimately cash-flow performance. The objective is not fewer controls. It is controls that evolve with the maturity of the project.

Development Risk	→ Supply Risk	→ Execution Risk	→ Performance Risk
Land and approvals secured	Farmers/out growers onboarded & Hectares planted	Construction completed & Equipment commissioned	Yield achieved & Capacity utilisation reached
Project Contracts Executed	Input and irrigation programme activated Off-take contracted	Production commenced	EBITDA / operating cash flow achieved & DSCR/working-capital thresholds met
Unlocks: project-development / initial equity capital	**Unlocks:** working capital / first construction tranche	**Unlocks:** term debt / project bond drawdown	**Unlocks:** remaining tranche / pricing step-down / refinancing

By linking drawdowns to measurable progress, investors can commit to a project earlier without assuming all of its risk on day one. The sponsor gains visibility on the full funding package, while the lender gains evidence before each additional tranche is released.

This is particularly relevant upstream, where businesses may be commercially viable but do not yet have the historical EBITDA or collateral required for conventional corporate borrowing.

A pre-operational project should not be judged by mature-company metrics; the covenant framework should migrate from execution milestones to operating and financial performance as the project develops.

Milestone-based funding turns uncertainty into measurable risk reduction: capital is committed early, released progressively and repriced as the project proves itself.

Source: Regius Capital deployment framework.

Value-chain integration creates scale and bankability.

Aggregation can turn fragmented agricultural activity into an institutional financing unit

1. Fragmented operating base
Small farmers, logistics providers, aggregators and processors operate independently, with inconsistent data, weak collateral and limited financing visibility.

2. Integrated platform / SPV
The platform standardises contracts, aggregates supply, centralises data, embeds insurance, coordinates logistics and ties production to off-take.

3. Institutional financing unit
The combined cash flow can support a larger facility, stronger monitoring, diversified risk and access to debt or equity that no participant could raise independently.

What integration changes

- **Scale:** larger ticket size
- **Visibility:** consolidated data and cash flows
- **Risk:** diversified participant base
- **Security:** contracted off-take and controlled collections
- **Economics:** shared logistics, storage and processing
- **Funding access:** banks, DFIs, bonds, private credit and equity

- Integration does more than increase size. It improves underwriting. By aggregating volumes, contracts and cash flows, the platform reduces concentration at the individual-farmer level, improves visibility over supply and repayment, and creates a larger financing base.
- In practical terms, several businesses that are individually below institutional scale can collectively become financeable through one structured platform.
- Scale can be created through structure where it does not exist in any single participant.

Source: Regius Capital scalability framework.

Nigeria's agricultural funding gap is both a capital gap and a structuring gap.

What five years of data show

Our review of bank credit, capital-market issuance, public and DFI support, agricultural output, food demand and trade shows that financing has broadened materially — but formal capital remains small relative to the size of the sector and unevenly distributed across the value chain.

1. **More capital has entered the sector.** Bank credit has more than doubled, capital-market issuance has become meaningful, and DFIs, guarantees and public support have expanded the financing pool.
2. **But financing penetration remains shallow.** Agricultural credit and formal financing remain low relative to sector GDP, food expenditure and the investment required to raise productivity.
3. **The bigger gap sits upstream.** Institutional capital has followed visible cash flows — processing, trading and exports — while primary production, irrigation, storage, mechanisation and productivity remain comparatively underfunded.

The next phase is therefore not simply to lend more. It is to structure more of the sector so that institutional capital can reach it.

THE REGIUS CAPITAL APPROACH

1 Diagnose the value chain
Map production, supply, logistics, processing, off-take, cash flows and the real source of repayment before selecting an instrument.

2 Build the right capital stack
Combine equity, DFI capital, guarantees, bank debt, commercial paper, bonds and project finance according to risk, tenor and purpose.

3 Create the bankable vehicle
Use consortiums and ring-fenced SPVs to aggregate operators, isolate cash flows, allocate risk and provide investors with clear security and governance

4 Take the transaction to market
Structure, rate, package and place the transaction with the appropriate pool of institutional capital — from banks and DFIs to asset managers, private investors and the capital market.

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