

## SOMBREIRO KAPITAL

### OVERVIEW

- Sombreiro Kapital (SK) is a special-purpose vehicle that seeks to stimulate the supply and demand for financial services by communicating incentives to financial actors in the Niger Delta finance ecosystem, with emphasis on the agricultural value chain. SK facilitates credits for agric MSMEs/smallholder farmers (SFH) by collaborating with licensed commercial banks, Sterling Bank Plc, and Unity Bank Plc.

SK attributes its success to its innovative approach to addressing the specific needs of MSMEs/SFHs, making them attractive to lenders. SK operates at the grassroots level, taking advantage of PIND's brand equity, promoting financial literacy, and adopting good agricultural practices.

Conventional banks have a meager appetite for financing agriculture due to the perceived high risk and the inability of MSMEs/SFHs to meet loan documentation requirements. As an intervention, SK is in line with SDG 1 & 8.

### OBJECTIVES

- Remove barriers to investment in agriculture
- Increase the demand and supply of financials
- Promote sustainability in Agricultural business through the adoption of GAP
- Ensure financial inclusion, economic empowerment/shared prosperity in the Niger Delta

### APPROACH

- Our overarching approach is risk-sharing through issuing partial credit guarantees on agricultural loans. We also facilitate financial literacy training for smallholder farmers working with sector service providers to improve their bankability and repayment ability.

### PRODUCTS & SERVICES DEVELOPED

- Interest rebate
- Market Linkages
- Credit Risk Guarantee
- Technical Support (Advisory Services)
- Input Credit Scheme (ICS)
- Working Capital Facility (WCF)
- Asset Finance

### STRATEGIC TARGETS

- Reach 3,600 farmers in five years (900 per year from 2021-2024)
- Achieve a 40% gender target

### OPPORTUNITIES

- Stimulating economic activities in the Niger Delta region through improved access to finance at the rural level.
- Economic empowerment/financial inclusion to combat restiveness; creating sustainable alternative means of livelihood.
- Seek more partners to upscale operations that would enable more MSMEs/SFHs access to finance for expansion.

### PIND'S INVESTMENTS

- PIND has invested NGN 100 million in initial seed capital to design loan guarantee products for farmers. We also earmarked about NGN 20 million yearly for running costs and capacity-building activities.

### KEY ACHIEVEMENTS

Since 2021, SK has facilitated the disbursement of loans worth NGN 456 million to 1,259 farmers, including 570 women farmers. SK has received over 350 loan applications worth NGN 710 million from clusters of farmers across the focal states of Delta, Edo, Imo, Ondo, and Bayelsa.

Breaking down results into state-level interventions:

- SK has maintained a single-digit Interest rate, below market rate, for over three years
- SK has maintained a 5% default rate on loans benchmarked with industry average
- 431 fish and poultry farmers received almost NGN 188 million in loans in Delta State
- 551 fish, poultry, and cocoa farmers received more than NGN 159 million in Ondo
- Three fish farmers received loans worth over NGN 1.8 million in Bayelsa
- 52 cassava farmers received more than NGN 14.1 million in Imo
- 222 oil palm farmers received NGN 93 million in Edo State.

### PARTNERS

A COMMODITY PRODUCERS COMPANY NIGERIA LIMITED • ADVENTIUM SONGHAI DELTA LIMITED (ASDL)  
• ABEDEBIRI STARCH COMPANY LTD (ASCL) • VALOUR AGRIFOOD VENTURES LIMITED

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