

 Early Warning System

FMO-63765

First City Monument Bank Limited - Nasira Portfolio



Quick Facts

Countries	Nigeria
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-06-03
Borrower	First City Monument Bank Limited
Sectors	Agriculture and Forestry, Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 0.06 million



Project Description

According to the Bank's website, the objective is to support the 2024 edition of FCMB's AgriTech Venture Building Program. It is a full-fledged incubation program for idea-stage agri-companies run by FCMB. Through the program, FCMB will identify scalable and impact-driven early-stage companies and provide them with access to knowledge, skills, funding, and networks, to take their ideas to the next level.

According to McKinsey & Company, more than 60% of the population in Sub-Saharan Africa consists of smallholder farmers and about 23% of Sub-Saharan Africa's GDP comes from agriculture. However, it is estimated that the agricultural potential of the region remains untapped. The production of grains and cereals has a tremendous upside potential (two or three times), which could add 20% to the global economy. Substantial investment is needed to allow Africa's agritech sector to fully utilize its capabilities. With an estimated worth of USD 1 trillion by 2030, Africa is positioned to emerge as the leading global hub for agricultural technology (Agtech) solutions.

The purpose of this initiative is to foster and accelerate the growth of scalable agri MSMEs, which is a core NASIRA target group. By supporting early-stage Agtech companies to scale up, we will contribute to increasing agricultural productivity and, indirectly, to food security and SDG 2 (zero Hunger), SDG 8 (Decent work and economic growth), and SDG 10 (Reduced inequalities).

As claimed by the Bank, the execution of this project is not only strategic from a social impact perspective, but also from a commercial point of view. FCMB has to accelerate the onboarding of MSME companies to further expand the portfolio covered by the NASIRA RSF. Through this TA initiative, FCMB and FMO have partnered to incubate 15 scalable early-stage agri-tech businesses in Nigeria. A hackathon will precede this incubation trajectory to identify disruptive business models that address pressing problems in the agricultural sector.



Investment Description

- Netherlands Development Finance Company (FMO)

Funding: FMO NV

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [First City Monument Bank Ltd](#) (Financial Intermediary)



Private Actors Description

First City Monument Bank Limited ('FCMB') (Fitch: B-, Moody's: Caa1) is a Tier II commercial bank with headquarters in Lagos, Nigeria. It was founded in 1977 as a brokerage company before gaining a banking license in 1983. FCMB is the primary subsidiary (93.7% of TA as of Q3 2022) of the FCMB Group Plc (the "Group"), a full-service banking group listed on the Nigerian Stock Exchange. The bank provides a wide range of banking and financial services via its six main business segments: Personal, Institutional, SME, Commercial, Corporate, and Treasury & Financial Markets. The Bank is transitioning from a corporate bank into a universal bank including expansion into the SME and retail segments. Its 2021-2025 strategy seeks to intensify the acquisition and retention of active customers (i.e. from 7.6m to 25m customers). FCMB has been a client of FMO since 2014 when FMO arranged a six-year USD 60m syndicated facility. In 2019 FMO arranged a USD 50m subordinated debt facility. Currently, FCMB is in the process of obtaining a USD 60m syndicated senior facility, of which FMO provides up to USD 20m; EFP up to USD 30m and USD 10m to be provided by FIM funds. In addition, a USD 25m NASIRA facility is being offered to FCMB to support entering into the underserved SME segments including women-owned and rural MSMEs.



Contact Information

Website customer/investment: <http://firstcitygroup.com>

ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: <https://www.fmo.nl/independent-complaints-mechanism>