



PROJECT DESCRIPTION: Development investment proposal

NAME OF CLIENT	JOHNVENTS INDUSTRIES LIMITED
WEBSITE CLIENT	https://www.johnvents.com/
REGION	WEST AFRICA
COUNTRY	NIGERIA
SECTOR	AGRI-FOOD
SIGNING DATE	30 DAYS FROM PUBLICATION AT WEBSITE
TOTAL FINANCING	€ 425,000
FUND	GRANT FUNDING (ORIGINATION FACILITY "OF")

- **Who is our (prospective) client?**

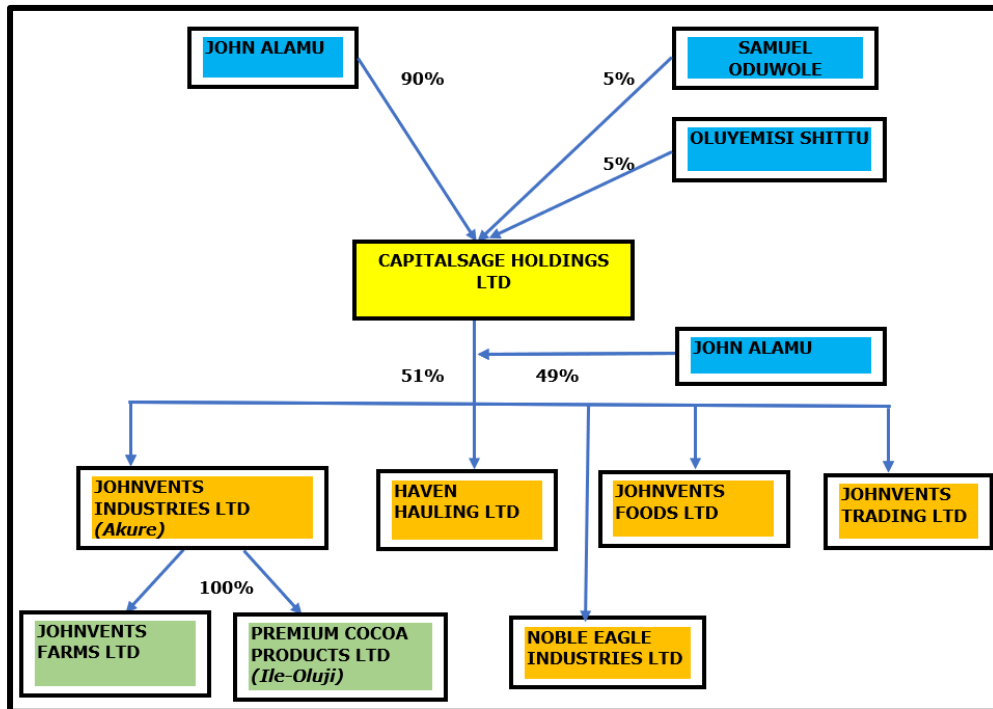
JohnVents Industries Limited (JVI) is a fully indigenous agribusiness dedicated to promoting sustainable growth across the agricultural value chain, from production to distribution, in Nigeria, Africa, and globally. Founded in 2014, JVI began with a network of farmers in seven states and has since expanded nationwide. By 2022, it had a base of 5,000 cocoa farmers, which grew to 12,000 by the end of 2023, with a projection to reach 25,000 by 2025.

Initially, JVI operated as an informal grain trading entity. Between 2014 and 2021, it transitioned into an agricultural consulting firm, offering capacity building, financial support, and farm inputs to smallholder farmers. Eventually, JVI evolved into a commodities aggregator, connecting farmers with buyers and markets. In 2021, the company ventured into the cocoa industry, starting with cocoa bean trading. It acquired Coop Cocoa (Akure), an 18,000MT per year cocoa processing factory from the Olam Group, and later, in February 2023, it purchased Premium Cocoa Products (Ile-Oluji), which has a 30,000MT per year processing capacity. These strategic acquisitions and a 15,000MT investment in warehousing capacity in 2022 propelled JVI's growth significantly.

JVI's operations are now structured into distinct business lines. The primary focus is on **cocoa processing** through its factories, Coop Cocoa and Premium Cocoa Products, where cocoa beans are processed into butter, liquor, cake, and powder for various manufacturers. Coop Cocoa, located in Akure, Ondo State, has an annual capacity of 18,000MT, with plans to expand to 30,000MT over five years. It exports to Europe and the USA and has received inquiries from China, Russia, and the Middle East.

JVI also operates JohnVents Farms, cultivating cocoa on 1,000 hectares at Oda Farm, oil palm on 50 hectares in Ile-Oluji, and various crops like sesame, soya, and maize on 150 hectares across Ondo, Cross River, and Oyo States. Premium Cocoa Products in Ile-Oluji, with a 30,000MT annual capacity, is currently operating at 30% capacity due to equipment refurbishment needs and raw material shortages.

With a sharp growth trajectory in its cocoa business, JVI aims to further expand and strengthen its entire value chain, seeking assistance from DFCD to achieve these goals.



- **What is the intended funding objective (type of activity)?**

The application sought approval of grant funding amounting to EUR 425,000 and technical assistance from the DFCD to assist in financing several origination activities to prepare the business proposition for possible future DFCD co-investment. JVI sponsors will contribute € 250,000 towards the OF.

The grant will be used for undertaking:

- Multi-stakeholder engagement: (on out-grower model, in-grower model (incl. vulnerable Groups))
- Baseline assessment of farmlands: JVI land, Concessioned land and Out-grower land
- Case study assessment for climate resiliency (incl. identifying best sources for seedlings based on the varieties JVI can use).
- ESG & GESI Assessments for the identification and management of the potential E&S risks attributed to JVI's cocoa sourcing model and analysis of the opportunities for the inclusion of women, youth and other vulnerable groups in cohort of small holder farmers targeted to be brought into JVI's cocoa sourcing catchment.

- Identify climate smart practices for cocoa, develop training modules, and train ToTs .
- Model farm piloting: developing agroforestry and input provision model for out-growers
- Undertake commercial and technical due diligence and prepare business plan

After completion of the origination project, JVI intends to apply to the DFCD Land Use Investment Facility for a loan of Eur 9.8 million to part finance the capital expenditure of Eur 14.0 million. The project sponsors who have so far invested Eur 49 million in the company assets will contribute Eur 4.2 million funding towards the proposed expansion. The investment will support four key areas, namely: backward integration (expansion of cocoa growing activities); Increased production capacity; expansion of outgrower base; and environmental and sustainability systems.

- **Why do we fund this project?**

The DFCD grant funding is designed to develop and de-risk JVI's business model in order to make its expansion project more attractive to potential financiers. The project is considered to be of high relevance to reach scalable impact on biodiversity, climate adaptation and social inclusion. Without the DFCD support it would take JVI a long time to undertake the OF-type activities resulting in delayed, riskier and/or underfunded investment program thus yielding less-than-ideal benefits to the company, its out-growers and community at large.

- **Environmental and social rationale**

The ESG & GESI Assessment will evaluate JVI's compliance with IFC Performance Standards and FMO's sustainability expectations in its cocoa supply chain. This includes assessing the environmental suitability of lands for cocoa sourcing expansion and the integration of agroforestry into cocoa farming. The assessment will consider the benefits to biodiversity, production increases for smallholder farmers, and the adoption of agroforestry by vulnerable and marginalized groups, such as women, youth, and minority ethnic groups. Consultants will assist JVI in collecting baseline data to identify policy gaps and recommend improvements for ESG and GESI compliance. The assessment will also evaluate the readiness and training needs of JVI staff and its supply chain. Additionally, it will determine the attractiveness of agroforestry for smallholders, its impact on deforestation and biodiversity, and JVI's capacity to maintain and expand its Rainforest Alliance certification. A landscape narrative will be developed to validate the proposed business model's relevance and impact.
