



Scaling up Rice production for local markets in Nigeria – Olam Experience

**Presentation to the USAID Global Learning Experience and Exchange on
SCALING UP ADOPTION AND USE OF AGRICULTURAL TECHNOLOGIES
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Rice Value Chain Initiative – Benue / Kwara States 2005 -10



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Background: Olam Nigeria Limited, in 2005 decided to test a **new** business approach by investing in **local** production of high quality rice for Nigeria's domestic market. Olam began processing locally produced rice from a government leased mill located in Makurdi, Benue State. However, Olam was faced with the challenge of insufficient supply of high quality rice paddy to meet its factory production level. In the same year Olam commenced a farming program in association with the farmer groups, USAID MARKETS, and Benue State Government to cater to the paddy requirement of the mill. The goal of this partnership was to promote demand-driven production by developing a supply chain model that encouraged the use of improved technologies, farmer capacity building, commercial linkages to credible market outlets (the mill, etc.) and strategic public-private partnerships.

Stake Holders

- **Farmer Cooperatives - 10,000 Farmers**
- **USAID MARKETS**
- **First Bank of Nigeria**
- **NAIC**
- **Benue State Government**
- **Olam Nigeria Limited**

Rice Value Chain Initiative – Benue / Kwara States 2005 -10

Support Areas were :

- All Inputs
 1. Certified Seeds
 2. Herbicides
 3. Fertilizers
 4. Crop Protection chemicals
- Capacity Building Programs
- Insurance Coverage
- Buy Back

Rice Value Chain Initiative – Benue / Kwara States 2005 -10

Achievements of the Initiative over 5 years

- **1,000 Ha to 11000 Ha**
- **1,000 farmers to 9000**
- **Avge Yield per Ha for farmers to 4.25 MT / Ha from 1.25 MT avge for the country.**
- **Net income from US \$ 385 to US\$ 900/ Ha for the farmers**
- **40 % high quality Paddy sourced for the Mill through outgrowers**
- **Started with 15000 MT capacity mill in Benue State, later expanded to 30,000MT.**
- **From an average quality to good quality rice for the domestic markets.**
- **A complete value chain model through partnership build up**

Rice Value Chain Initiative – Benue / Kwara States 2005 -10

Challenges Faced:

- **Scaling up beyond a level**
- **Non payment of loans**
- **Diversion of paddy**
- **Not able to collect the volume to fill up the mill capacity**
- **Buying from local market to fill up the capacity – heterogeneous low quality paddy**
- **Inconsistent policies**
- **Cross border trade**

And the model became unviable.....

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Emergence of a new model

NUCLEUS MODEL

Major Focus:

- **Continuous supply of good quality paddy to the mill to ensure full capacity utilization**
- **Ensuring high quality rice to compete effectively with imported rice**

NUCLEUS MODEL

Major Components:

1. Nucleus Estate:

- Nucleus estate of 6000 Ha (out of available 10000 Ha) of fully mechanized, precision leveled, irrigated rice of two crop cycles in the first phase
- 60000 MT of high quality paddy from this initiative
- Ensuring high quality rice to compete effectively with imported rice

2. Out growers:

- 3000 Farmers in 2014 March
- 16000 farmers in 2018

3. Mill:

Currently, completing a mill of 85,000 MT capacity with an expansion plan to double the capacity

Nucleus Model - Update as on December 1, 2013



NUCLEUS MODEL

Project Update:

- **Commenced in 2011**
- **1000 Ha planted and harvested in March 2013**
- **3000 Ha is being harvested now November – December 2013 – Wet Season crop**
- **4000 Ha planting commenced now – Dry Season crop to be harvested in March – April 2014**
- **6000 Ha planting by July – Aug 2014**
- **3000 farmer outgrowers to be registered in March – April 2014**
- **Considered to be Africa's largest commercial farming project in Rice**

NUCLEUS MODEL

Major Benefits:

- **High quality paddy to ensure processed rice that can compete with imported rice**
- **Employment generation of more than 1000 at present, which can extend to more than 2000 by 2014 November**
- **A network of 4 Villages with approximately 6000 population turning out to townships in next 18 months**
- **Import substitution, food security.**
- **A key initiative under the Agricultural Transformation Agenda of the Federal Government of Nigeria.**

NUCLEUS MODEL

Major Challenges:

- **Roads**
- **Electricity**
- **Irrigation Infrastructure**
- **High yielding Africa specific rice varieties**
- **Cross border trade**
- **Machinery spares sourcing**

Seed Trials



GPS precision leveling



Irrigation Canals / access roads



Aerial Seeding



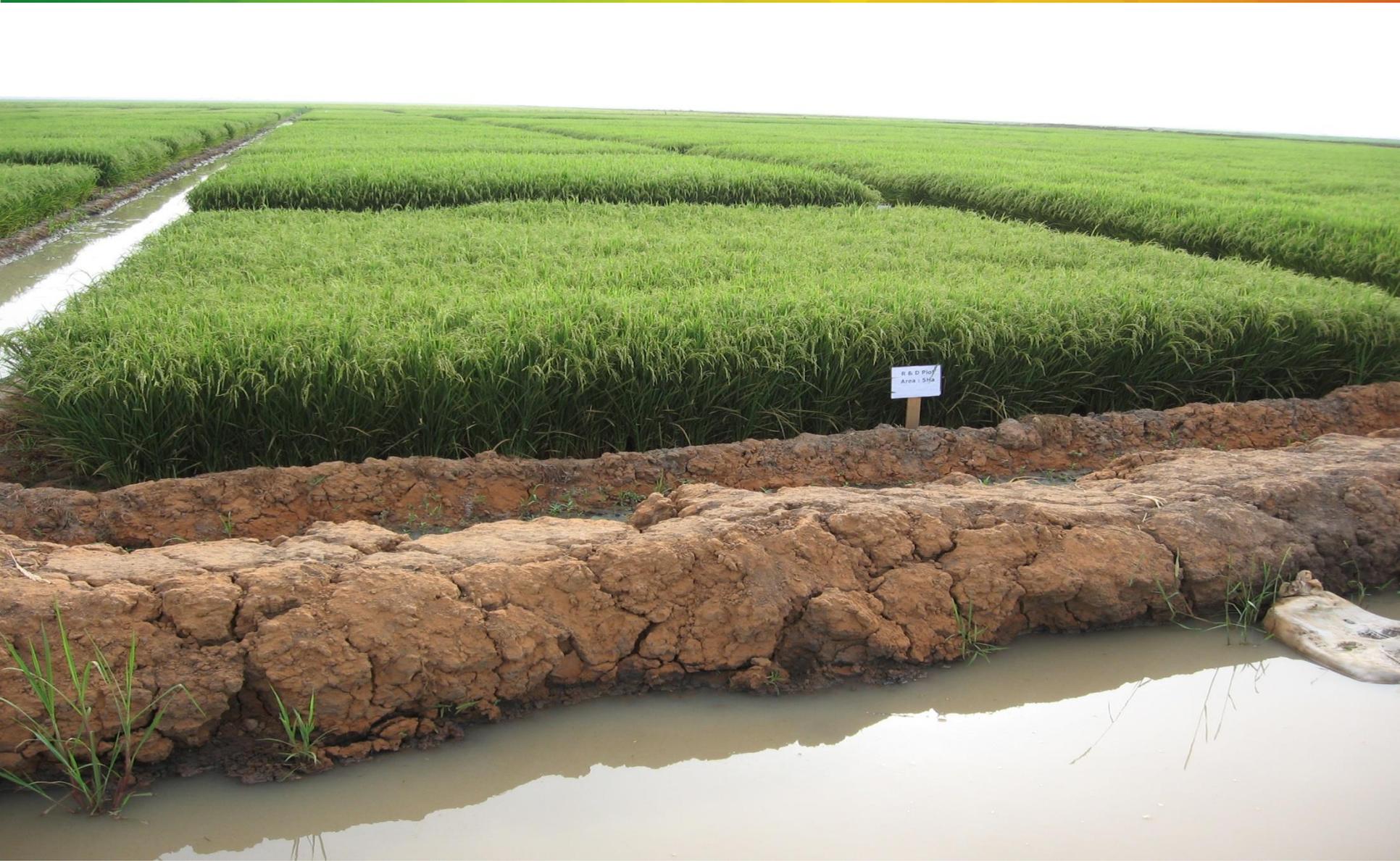
Crop at various stages



Weeding



R&D Trials



Crop Getting ready for Harvest



Mill Construction - Progressing



Paddy drying



Irrigation – Pump station and balancing dam



CR&S

- School Building for Community
- Solar Lights
- Health – Clinic
- Clean Water – Bore wells
- 64 Km of road linking neighboring villages



**An inclusive model that combines large-scale
commercial farming with small holders brings
benefits all around**

**This is a model that can be replicated to support
domestic efforts for greater self-sufficiency**

Thanks