



USAID
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NIGERIA

SUCCESS STORY

Rice Farmers: Making Money, Feeding The Country

USAID in partnership to increase rice production in Nigeria



Photo: Jide Adeniyi-Jones

Farmers working on USAID's Model Rice Farm, Agasha, Benue state, northern Nigeria.

The first year of the USAID/Olam partnership provided more than 10,000 farmers with secure markets where they could sell their rice, access to commercial finance, and technical assistance to produce high quality rice. This resulted in productivity increases of almost 260% and farmer net income more than doubled.

Telling Our Story

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Nigerians consume about 5.4 million metric tons of rice annually, while local production only amounts to about 2.3 million metric tons per year. The remaining 3.1 million metric tons is imported, making Nigeria the second largest importer of rice in the world.

Nigerian rice farmers weren't able to produce enough rice to feed the country because they lack some key resources available to farmers in more developed nations. Limited access to fertilizers and credit lead to an inability to meet quality standards and a lower rate of production. In an attempt to reverse this trend, the government of Nigeria developed farmer-friendly policies.

Taking advantage of the new government policy of high import tariffs on milled rice, Olam Nigeria Limited, a major rice importer, decided to test a new business approach by investing in local production of high-quality rice for Nigeria's domestic market. In 2005, Olam began processing locally produced rice from a government-leased mill located in Makurdi, Benue state. However, Olam was faced with the challenge of an insufficient supply of high-quality paddy rice to meet their capacity.

In 2006, USAID, entered into a partnership with Olam. The goal of the partnership was to promote Nigerian rice production to meet the demand by encouraging the use of improved technologies, farmer capacity building, commercial linkages to credible market outlets (such as mills) and strategic public-private partnerships. The first year of the USAID/Olam partnership provided more than 10,000 farmers with secure markets where they could sell their rice, access to commercial finance, and technical assistance to produce high quality rice. This resulted in productivity increases of almost 260%.

More importantly, farmer net income more than doubled. The success of the program encouraged First Bank, a Nigerian commercial bank, to become a major stakeholder with a smallholder farmer commercial credit program, providing \$2.5 million in credit to more than 8,000 farmers.

Because of the success of this partnership, Olam Nigeria Limited was one of ten winners of the 2008 World Business and Development Awards (WBDA). Sponsored by the United Nations Development Program (UNDP), the International Chamber of Commerce, and the International Business Leaders Forum, the award is given to companies whose work demonstrates that "business can both make a significant contribution to development and be commercially successful at the same time."