

Towards rice self-sufficiency in Nigeria: Contemporary issues and challenges

Chukwuka Onyekwena

Centre for the Study of the Economies of Africa (CSEA)

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Introduction

- Nigeria ranks as the highest importer of rice in West Africa, and the second largest rice importer in the world, after Indonesia (Unido et al, 2010; Cadoni and Angelucci, 2013).
- Despite a multiplicity of FGN policies in the rice sector, rice production has not matched the growing domestic demand for rice.
- In 2014, rice demand was estimated at 5.9 million Metric Tonnes (MT) while only 2.7 million MT was locally produced, leaving a supply gap of 3.2 Million MT (Sahel Capital Partners & Advisory Limited, 2015).

Introduction Cont'd

- The main drivers of the growing demand for rice are population growth, rapid urbanization, rising income levels, and consumers' changing preferences in favor of parboiled rice.
- In fact, per capita rice production has almost doubled from 15.4 kg/year in the 1980s to 30kg/year in 2009 (USAID, 2009).

Objective

- The study explores government policies and private sector led initiatives to promote the consistent supply of high quality rice paddy to medium and large-scale rice mills in Nigeria. It also examines the extent to which these policies have been successful in the past decade.

Trends in Nigeria's Rice Economy

Rice Growing Systems in Nigeria

- Rice is grown on about 11 per cent of the total land area currently cultivated in Nigeria - approximately 3.7 million hectares of land
- Over 80 per cent of rice production takes place in the rainfed lowland and irrigated lowland production systems.
- 77 per cent of rice production in Nigeria is rain-fed, while 23 per cent of the rice land cultivated is irrigated.

Trend in Nigeria's Rice Economy Cont'd

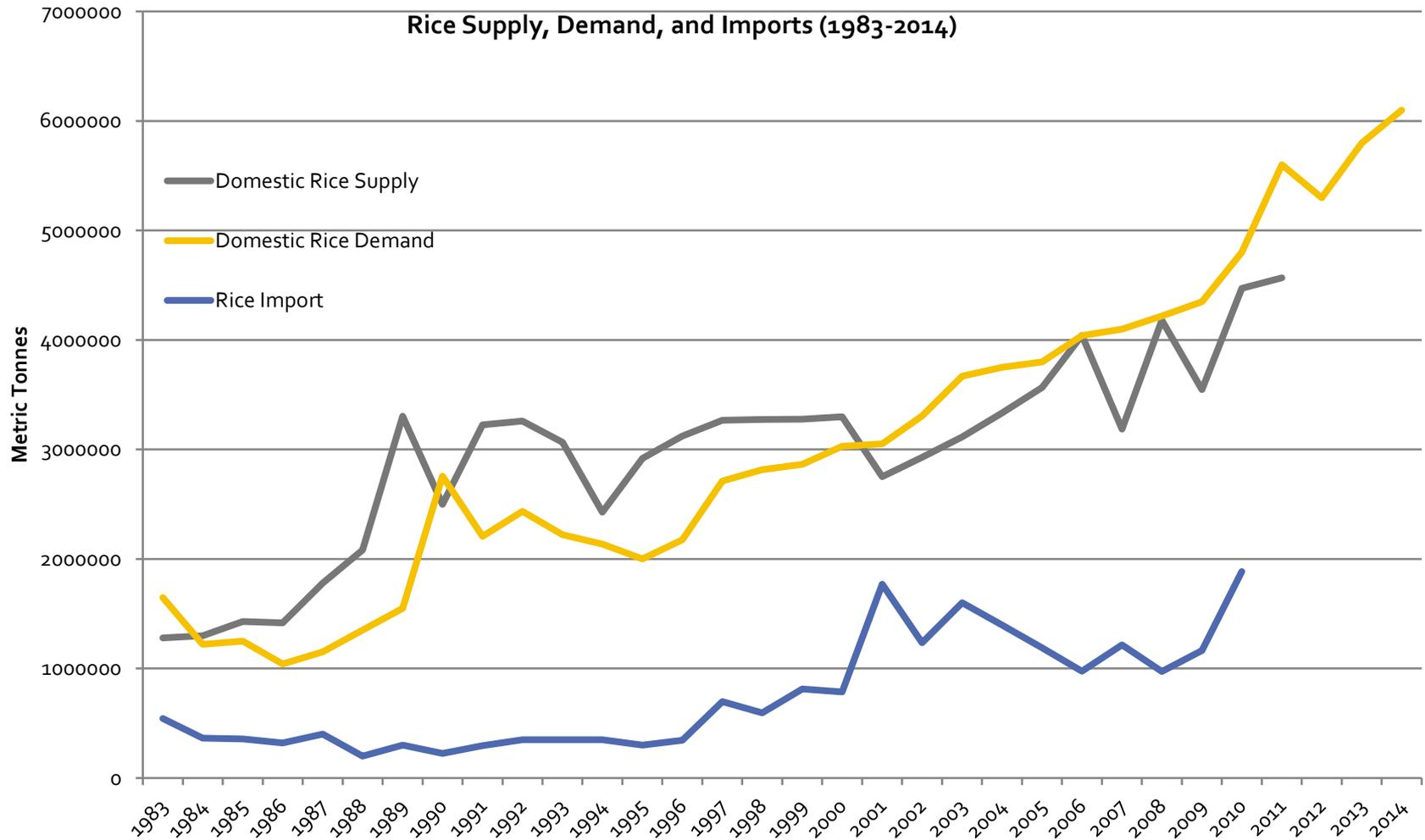
- There is a preponderance of small-holder farmers (90 per cent) over medium and large rice farmers in Nigeria.
- On average, smallholder rice farmers cultivate around 1-2 hectares of land in Nigeria (see IFAD, 2009; USAID, 2009)
- Average rice yield (MT/ha) in Nigeria still remains considerably lower than the actual potential. In comparison to the world average rice yield of 6.0 MT/ha, NBS (2011) and NAERLS and NPF (2011) shows that Nigeria's rice yield is lower at 1.9 MT/ha.
- Irrigated rice production areas has the highest yield per hectare (3.7 MT), while the deep water floating has the least yield (1.3 MT).

Trends in Nigeria's Rice Economy Cont'd

Rice Production, Consumption and Imports in Nigeria

- Despite the fact that domestic rice production has increased in Nigeria since the 1960s, given increases in rice land area, rice production has not been able to keep pace with rice consumption (demand).
- The need to bridge the gap between rice demand and supply has led to increases in rice imports. Adesina (2011) points out that Nigeria spent N1 billion per day on rice imports – in 2013.
- While progress has been made in increasing the hectares of land under rice cultivation, apparent declines in rice yield within the period has offset the gains in the harvest area.

Trends in Nigeria's Rice Economy Cont'd



Source: FAO, 2015; United States Department for Agriculture, 2012

Rice Sector Policy Interventions

- The Nigerian government has implemented a broad range of policies in the rice sector aimed at rice self-sufficiency. Some of them include:
 1. The presidential Initiative on increased Rice Production (2002-2007)
 2. The Nigerian National Rice Development Strategy (NRDS, 2009-2018)
 3. The Agricultural transformation Agenda (ATA, 2011-2015)
 4. The Rice Intervention Fund (RIF, 2011)
 5. The Anchor Borrowing Loan Scheme for Rice farmers (2015)
- While these interventions have made rice farming inputs (including credit) fairly available, vertical linkages between various actors in the rice value chain is still fragmented, with limited coordination.

Rice Sector Policy Interventions Cont'd

Rice Outgrower Schemes in Nigeria: The Case of Olam Nigeria

- Olam Nigeria, previously a rice importer, started investing in local rice production in 2005, to serve Nigeria's growing market for rice.
- In partnership with USAID (and other stakeholders), Olam Nigeria established an Outgrower Scheme to secure the supply of high quality rice paddy for its large-scale rice mills.
- Between 2005 and 2015, the amount of rice land cultivated by Olam Nigeria increased from 1,000 Ha to 10,000 Ha.

Rice Sector Policy Interventions Cont'd

Despite their achievements, Olam Nigeria still faced some notable challenges in securing price guarantees and sufficient quantities of rice paddy for its large-scale rice mills.

A number of problems became apparent with the Contracting Model:

1. Non-payment of loans by farmers
2. Diversion of rice paddy
3. Insufficient supply of high quality rice paddy to meet milling capacity.
4. Heterogeneous and low quality rice paddy - resulting from buying rice paddy in the local market to fill up milling capacity
5. Cross border trade and inconsistent policies in the rice sector.

Rice Sector Policy Interventions Cont'd

To resolve some of the challenges encountered with the Outgrower Model, Olam Nigeria Limited added a 'Nucleus Estate', that is, an addition of 6,000 Ha (out of available 10,000 in 2011) of fully mechanized independent rice farm operated directly by Olam.

- The main objective of the Nucleus Estate was to ensure the constant supply of high quality paddy to meet the milling capacity of Olam Nigeria.
- The Nucleus Estate comprised fully mechanized, precision leveled, irrigated rice, and was aimed at ensuring the continuous supply of high quality rice paddy to Olam Nigeria.
- With the constant supply of high quality rice paddy, Olam Nigeria was able to mill quality rice that could compete favorably with imported rice.

Rice Sector Policy Interventions Cont'd

Some challenges still persist within the Nucleus Model

Some of these challenges include:

1. Lack of hard infrastructure (i.e. electricity and paved roads)
2. Lack of irrigation infrastructure
3. Unavailability of high yielding rice varieties, especially on the part of smallholder farmers in the outgrowing scheme.
4. Difficulties in sourcing machinery

Scope for further research in Nigeria's rice economy

- Considering that the Outgrower Scheme provides a strong basis for increasing domestic rice production, a study that captures the experiences of various actors in the contracting model could provide critical insights on the reforms required to improve productivity in the rice sector.
- The study could also uncover the incentive structures that determine farmers participation in Outgrower Schemes. This can potentially provide evidence for government policies aimed at improving vertical linkages between the actors in the rice value chain.
- Examine the views of rice value chain financiers (i.e. Bank of Industry - BOI and Central Bank of Nigeria – CBN), and how they can streamline and coordinate their policies – to improve efficiency.

Conclusion

- Although the Nigerian government has implemented a number of rice policies targeted at achieving rice self-sufficiency in the past decade, the gap between rice demand and supply still large.
- With various policy interventions aimed at increasing domestic high quality rice production, large-scale commercial investors in the private sector are increasingly playing a leading role in boosting local rice production.
- However, persistent challenges in the rice value chain, including difficulties in managing Outgrower Schemes still limit their effectiveness.

Conclusion Cont'd

- With average rice yield (MT/ha) still considerably lower than its actual potential, the FGN can significantly increase local rice production by making policies targeted at improving the accessibility and **availability of high quality seeds** for rice farmers, especially smallholder farmers.

Thank You!