

OLAM, NIGERIA AND THE PARADOX OF RICE AS A METAPHOR

By Simbo Olorunfemi

“We would never have a food crisis; we would only have a palate crisis. This means we have to change our taste. For people who like to eat foreign rice, they have to adapt and adjust to local rice.”

– Ade Adefeko

Nigeria is a paradox, wrapped in multiple layers of paradox. She exports what she needs and imports what she does not need. What she has, she often does not appreciate, and what she does not need, she desperately desires to have. Nothing best sums up the paradox than Nigeria’s unbreakable love affair with rice. Whereas rice, according to experts, is indigenous to Nigeria, having been cultivated for over 3,500 years, with the cultivation of improved rice varieties (*O. sativa* L.) traced as far back as 1890. With urbanisation and the colonisation of our appetite, Nigerians will move to fully embracing parboiled rice by the 1990s that will make the days of Nigeria’s self-sufficiency during the 1960s a distant memory.

Nigeria is not only Africa’s leading consumer of rice, accounting for one-fifth of its consumption, invariably, it is one of the largest importers in the world, spending, at a time, an average of one billion dollars annually on importation of rice. Consumption figures went up steeply, over the years, outstripping global consumption figures, by miles. Over the last decade, estimates have it that Nigeria consumes about 7 million metric tonnes of rice per annum. That, in comparison with 224,000 metric tonnes valued at 60 million dollars, Nigeria consumed in 1990.

Such is the love affair with rice that whereas, its consumption was only 1% of Nigerians’ diet in 1960, by 1980, it had risen to 7% by 1980 and 15% by 2000. According to IRRI, “whereas 360,000 tonnes of rice produced in the 1960s was enough to meet local demand, but the 1.45 million tonnes produced in the 1990s was not.” Not only had consumption level begun to outstrip production, the taste for foreign had triggered a disruption, leading to massive drain on the country’s foreign reserve, which would lead to a ban on the importation of rice in October, 1985. That ban would be reversed shortly after, as Nigeria’s level of consumption began to shoot up, reaching 5 million metric tonnes in 2010 and projected to reach 13 million metric tonnes in 2030 and 36 million metric tonnes in 2030.

It did not take long before it dawned on policy makers eventually owned up that Nigeria was faced with a rice problem. However, the leadership would continue to flounder over what to do, how to do it, with the will to often lacking. President Olusegun Obasanjo once argued that the problem is one that would have been resolved long ago, but for inconsistency in policy, especially a reversal of focus on the part of President Shehu Shagari who took over from him. “In 1979, we were getting to a place where we would

be self-sufficient in rice production, but then a new administration came and set up a Presidential Committee on rice importation instead of a Presidential Committee on Exportation of rice.”

President Obasanjo would get a second chance to work on this, but there is not much on record for him in that regard, even though he had the 1999 Presidential Initiative on Rice and the 2001 National Programme for Food Security. “These initiatives included import barrier policies and other incentives to stimulate local production and achieve self-sufficiency in rice production. However, the initiatives clearly failed to achieve their defined goals...”

The Jonathan Administration, under the watch of Dr. Akinwunmi Adesina, would be more decisive in the pushing Nigeria in the direction it ought to have taken earlier. In 2011, the administration launched the Agricultural Transformation Agenda, with the Rice Transformation plan, with the target of achieving self-sufficiency in production of rice within the next 5 years.

The initiative by the government was anchored around a two-pronged strategy - adoption of tariffs and duties to discourage importation to make locally produced rice competitive, as well as implement a number of policies to encourage investment in the sector. The policy objective was to enhance level of productivity and grow production capacity of paddy and the processing of premium-quality rice in the country.

That would lead to a number of big players taking to the field of rice production. Olam launched an ambitious rice programme with a fully irrigated paddy farm on Greenfield site in Ondorie, Nasarawa State, which has grown to a total farm area of 13,500 hectares, with about 5000 hectares under cultivation. The company has invested over USD 120 million in the project until date. Since it began operations in 1989, Olam international has invested in Nigeria over N150 Billion, in both fixed and working capital across various agricultural and processing supply chains, including cocoa, cashew, rice, cotton, packaged foods and wheat, pioneering domestic sesame hulling and sesame exports from Nigeria. Indeed, Olam had, since 2005, been investing in the domestic production of rice in Nigeria through a range of programmes for smallholder rice farmers, supporting them with training and finance, as well as investing in local milling and selling into the Nigerian market, which made its integration into the new policy smoother.

One exceptional thing about Olam’s model, which is critical in Nigeria’s strive to attain self-sufficiency status in local production of rice, is the linking of her large scale project with the interest of smallholder farmers, actively supporting the rice-growing communities in Nasarawa, Benue, Kebbi, Taraba, Plateau and Kaduna States to form cooperatives. This also involves training of farmers and extension of agricultural inputs to them on credit, in order to improve their own paddy yields and revenues, with an assured buyback system, at decentralised locations at the farm gates, in place. Prices decided by the Price Committee comprising of the representatives of the Farmers, Olam and other partners in the programme.

There are 32,800 farmers including over 8,500 women currently engaged in the programme, spread around 1,800 cooperatives, farming over an area of 32,800 hectares, who produced over 57,000 metric tonnes of paddy, for which they received over N9 billion for the year 2020. They supply 40-50% of the mill's capacity.

The outgrower programme and other initiatives are run in partnership with others. There is the Olam–VCDP programme in Benue and Taraba which commenced in 2015 in partnership with the Federal Ministry of Agriculture (FMA and funded by the International Fund for Agricultural Development (IFAD), a bilateral financing agency of the United Nations. Under the programme, each farmer received support for two consecutive years, depending on his performance, with 50% grant to the total inputs required per hectare.

The programme was internationally recognised in 2013 by The Rockefeller Foundation as a catalytic innovation' in African Agriculture'. The programme has made significant progress for the farmers and others in the rice value chain, helping them with business development, with record keeping, business planning and connection to financial institutions all strengthened for all the farming organisations involved.

There is also the Olam – GIZ – Japanese Grassroots program in Nasarawa & Plateau States and the Olam - AGRA (Alliance for a Green Revolution in Africa) programme in Niger State. The Federal Government of Nigeria, CBN, IFAD, and USAID MARKETS are the major stakeholders in some of these Olam Initiatives.

Olam's commitment to the next generation and helping farming communities thrive has been demonstrated through its provision of school buildings, materials and scholarships for students; connecting communities through development of roads between surrounding villages; and ensuring access to clean water and electricity through provision of bore wells and solar lamps

Beyond the impact of the Olam initiatives on employment Generation among the rural communities, there is also additional profitability gained by the farmers because of mechanisation in the process, increase in yield, reduction in food losses, leading to improvement in the livelihood of smallholder farmers, as well as significant reduction in greenhouse gas.

The results are there. Even though Nigeria could not attain the objective of self-sufficiency within the timeframe set by the previous administration, but by 2014, Nigeria had overtaken Egypt as the largest producer of rice in Africa. With more concerted efforts put in by the current administration there has been a remarkable growth in the level of production.

According to a July 2020 report by Premium Times, "Nigeria has produced more rice in the last five years than at any other time since the return of democracy in 1999, data from the United Nations Food and Agriculture Organization (FAO) shows. The FAO data shows that between 2014 and 2019, Nigeria

maintained top spot among rice producers in Africa. Between 2014 and 2016, Nigeria's rice paddy production figures constantly rose from 6.0 to 6.2 and to 7.5 million metric tonnes respectively.

In 2017, Nigeria's production figure fell to 6.61 million metric tonnes, but increased in 2018 to 6.81 million metric tonnes. Again, in 2019, it dropped to 5.1 million metric tonnes. When compared by government administrations in the last two decades, rice paddy production has so far averaged at about 7 million metric tonnes under the Buhari administration — the highest. It averaged at 4.1 million metric tonnes, 5.4 million metric tonnes and 3.3 million metric tonnes during presidencies of Musa Yar'Adua, Goodluck Jonathan and Olusegun Obasanjo respectively. Rice paddy production in Nigeria increased from 325,000 tonnes in 1969 to 5.1 million metric tonnes in 2019, growing at an average annual rate of 8.76 per cent, the data show."

Even the misunderstood policy of closure of land borders to curb the smuggling of products has paid off, according to Africa Report's Estelle Maussion. "The controversial policy seems to be paying off: Nigeria is the only country out of three African nations ranked amongst the top 20 rice producers in the world, (alongside Côte d'Ivoire and Senegal), to have reduced its imports between 2013 and 2019, according to the Geneva-based trader Alliance Commodities, even though prices ended up spiking as a result of the measure. In parallel, Abuja has provided support to the private sector through a series of measures (a guaranteed minimum price, input supply, farm loans, tax exemptions for rice plants, etc.).

Such measures have helped to boost the productivity of small-scale farmers, (who make up 80% of the sector) and encouraged large companies (which account for just 20% of producers) to make investments." Olam is currently in the process of expansion of its milling facilities from the present capacity of 120,000 metric tonnes to 240,000 metric tonnes of rice paddy per annum. There is another mill in Kano, with capacity of 120,000 metric tonnes per annum, bringing existing capacity to 240,000 metric tonnes, making it the largest rice processing facility in Nigeria and Olam, the only integrated rice miller with operations in two states in Nigeria. When the expansion process is completed, Olam will be contributing 90,000 metric tonnes of milled rice to the Nigerian market.

There is a proven commitment on the part of Olam to helping Nigeria attain self-sufficiency in production of rice and the prospect of that happening has never been brighter. It is not just about its large-scale investment in production of high-end rice from Nigeria for Nigeria, the scalability of the nucleus model makes it quite significant, one which it is hoped other players will successfully replicate so that Nigeria can decisively move towards achieving food security.

Indications are there that with consistency in this policy direction, Nigeria is on the way to attaining self-sufficiency in rice production. That, to me, is instructive. It suggests to me that, with rice, we have confronted this embarrassing paradox of neglecting what we have for what we do not have, by redefining

the problem as an opportunity, with the determination to see through solutions. It does appear that something good might come, after all, from our obsession with rice.

A determined pursuit of a well-tailored import substitution policy is the only way to go. It was successfully done with cement and the same would have achieved with petroleum products once the Dangote refinery begins operation. With this, Nigeria will be able to massively scale back on huge import bills, which will then positively affect foreign reserves, the exchange rate and the economy as a whole. It will take us confronting the paradoxes, as we have done with rice, to be able find our way out of the hole we are stuck in, so that we are not consumed by what we are consuming. In the manner in which we finally confronted the rice paradox, with Olam and other investors showing commitment, we might have found a metaphor for resolving some other challenges.

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