

Edo's goal to become Nigeria's food basket

Published: 20 Jan 2015

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Edo's goal to become Nigeria's food basket

As major investors like Dangote and makers of Indomie Noodles, Dufil, move massive investments into the Edo State agricultural sector, the Commissioner for Agriculture, Abdul Oroh, says the state is set to take over as the nation's food basket. He spoke with Crusoe Osagie. Excerpts:

What are your programmes within the last three years been and impact in Edo State?

When we assumed office in 2008, we looked at the overall picture of Nigeria and we realised that what is on ground is not sustainable, we spend about N1trillion annually to import food especially the ones we have competitive advantage to grow cheaply. We cannot continue on the path we are going. We spend a substantial amount of money that we ought to invest in industries, education, health care, infrastructure and the likes importing food especially the ones we can grow very conveniently and cheaply in our country. For rice, we spend about a \$1 billion a day importing rice and it might interest you to know that the Malaysians who came to Edo State to take some oil palm seedlings are now self sufficient in oil palm, but we still import oil palm substantially, that is oil palm products including palm kernel oil and other derivatives. We are the world's largest producer of cassava, I think about 41 million tonnes annually, but 90 per cent of cassava products that have gone through the value chain, that are used for industrial products come from Thailand and not from Nigeria, many of this we import, so we took a strategic decision to say we have oil palm in Edo State and we can be classified as an oil palm producing state even if it not in substantial quantity, we have to develop agriculture by looking inward. So, we designed a strategy which specifically was in two points. First, to help upscale what the peasant, small and medium scale producers were doing and also invite big time investors to come in and play dominant roles in agriculture. We as a State chose not to go back to the old ways of farming. We used to own farms, but many of them were not successful, but those that were privatised are doing very well now which confirms our belief that the business of farming and any other business, is not a government thing, but no government can survive if they do not develop agriculture. Two days ago, I handed over the Edo State rubber estate to an investor because for almost 20 years, it has been lying prostate with nothing coming out of it. We have an investor that is ready to develop it by injecting fresh capital into it to bring in new opportunities for people in the State. We are excited and we also took a decision since we have something to showcase because the two major agricultural companies, in our stock exchange, Presco and Okomu are based here and doing well. We felt our own was to create the right environment and also help in improving our infrastructure and leadership that will give confidence to investors and also get commitments from our own people by cooperating with us. In the past, we took land from our people for investments which turned out to be unsuccessful, maybe at that time during the 70s, it was in vogue for government to get involved but we want to avoid that type of situation completely, so we designed a system to attract the private sector to be partners in progress, but not just partners with private sector investment, but with our communities. The partnership will be between us, the communities and the private sector sharing that sense of ownership of the process of creating those industries. We believe that there are areas where we have competitive advantage such as oil palm, cocoa, rice, cassava, citrus, animal husbandry. In April, 2011, after our strategic planning, we organised an agro-business summit, which was the first Edo State business summit where we showcased what we have, we sold our plans to the investment communities and I can tell you that we are happy with where we are. We have inquiry from frontline investors. For example, we just finished surveying the 50,000 hectares of land Dangote asked for to cultivate rice and we also have other groups that have applied to us. We have a land bank of about 300,000 hectares of land which we have identified in the three senatorial district in Edo State, in the Southern part of Edo State, we have about eight to nine months of rainfall which is almost the same with the central zone while the northern part is about seven to eight months of rainfall throughout the year. We have a lot of water bodies crossing the whole State. So, we have to take advantage of what we have to help transform our State and in the nearest future, make it one of the richest States in Nigeria.



Abdul Oroh, Commissioner for Agriculture, Edo State, Nigeria.

What is the contribution of agriculture to Edo's Internal Generated Revenue (IGR) and its impact on your revenue profile?

The first part of your question cannot be measured in tangible terms because you cannot say out of the N1.5 billion we get every year as revenue, and of course you get money from other revenues but the key thing is that it puts food on the table of about 60 per cent of our population. They are dependent on agriculture to pay their bills, pay for their children's school fees and run their families. We were all trained based on proceeds from agriculture, my father was a produce buyer and also a farmer, so predominantly, we have an agrarian population. So, it is difficult to say how much it has contributed directly to our GDP, but I know it cannot be less than 70 per cent. I remember that there was a time in Edo State, where a particular market in Edo sold about 600 tonnes of garri and it was shipped to the North in two months and you know what a tonne is, we are the largest producer of cassava in the South-South zone. In terms of oil palm, I think we are number two and most of the fruits consumed in the north even in Lagos are from Edo State since they have been problems in the north. Fruits like plantain, pawpaw, pineapple and the specie Dangote planted in Cross River to produce Dansa drink are all from here. We are heavily involved in agriculture. We are also into cocoa and cashew too. We do about 51,000 metric tonnes annually and we are trying to upscale all these in various areas where we have comparative advantages. So we are happy with where we are in terms of the productivity we are seeing. Right now there is a cassava glut in Edo State because people are not harvesting because people are not buying. All those gimmick from the federal government about processing and developing the value chain has not materialised. I have a farm about 150 hectares and I planted cassava in all of it but cannot harvest because there is no market for it and many farmers are suffering from this too. During the Obasanjo regime, this happened too where the farmers were told to grow cassava which they

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did but could not find the market. The scenario is playing out again under this administration. Talking about investors, I have a long list and if you want me to mention them I will. We have a request from Dulfil United foods industries for 60,000 hectares of land to oil palm and other products, we have the land reserved and we are on the verge of surveying the land and also to do crop and demographic enumeration. What we are doing now is community relations because our policy is based on the principle free trial and informed consent of the communities. We want to achieve this policy through the discussions with them because we want them to be part owners of the process and we do not want a repeat of what happened in the Niger Delta where communities fight with the investors, but I am sure from what your people have seen here and for almost two years that we have been having this discussion, they have found our people to be very hospitable. No major investor here can come out to say they have issues with the community they are operating in. The Dangote group is also getting about 50,000 hectares and other investors alike. We also have some companies that have already started operations here, the Edo State Governor has said we should give them more lands if they are doing well. We are also giving them more lands to expand their operations. We have also leased the rubber estate to the rubber estate of Nigeria formerly known as Michelin and also giving them an additional 4000 hectares to expand their plantation. Pat Utomi also came with a very laudable idea too. Edo State is a nodal state connecting all the communities and economic centres easily. You can reach everywhere with perfect good routes from Edo State and we feel we can establish the biggest fresh food market in Africa. We have given them 200 hectares of land and they are on the verge of developing it. We also have a lot of gas here and the two biggest Independent Power Projects (IPP) are here. We also want to be part of the energy hub because the major transmission lines and gas pipelines are here. We also have a rubber research institute, we have a branch of the cocoa research institute and we also have the Nigerian institute for oil palm research all here in Benin.

What is driving the interest for investors to invest in rice and oil palm in Edo?

We have a huge population and a market, we import huge volume of rice and rice is a staple food for humanity. From China to the United States and to the whole world, their primary food is rice so is Nigeria. Although we eat a lot of cassava based foods too, but virtually everybody eats rice and we spend a lot of money either importing it or getting it smuggled into our country. I brought in some Brazilians and we visited some of our lands we have given out to investors where about 450,000 tonnes of rice annually and which is the equivalent of what Nigeria imports from Brazil. We can produce this every year also doing two cropping seasons. We have the River Nigeria and several tributaries that can be channeled for proper irrigation and talking about the oil palm, the advantage is that after planting, we can start harvesting after 18 months and we can also harvest for 30 years or more. Today as we speak, a barrel of crude palm oil is \$700 and the value of crude oil is about \$46. For us, we are not panicking in Edo State because we are not dependent on oil. We want to develop agriculture and this is an opportunity for us.

How come there is still a demand-supply gap in the oil palm industry despite the huge potentials of the industry?

The problem is that people in Abuja still keeps giving waivers to importers and I also know that they are given out this waivers because the propensity to import is still there and there is a supply vacuum which means what is produced. Locally cannot meet local demand. So even if we double or tripple our local production now, we probably will still not meet the local demand.

What will you say is wrong with federal government's backward integration policy?

Well, to have a backward integration policy is not a bad policy. I just told the price of crude palm oil but I have not told you about palm kernel oil which is almost twice the amount of crude oil palm and not to talk of the vegetable that we eat. Presco generates about 95 per cent of electricity from palm kernel oil waste. We commissioned the plant sometime last year and they are even flaring some. They do not depend on PHCN and they also distribute power to some of their communities while the remaining 5 per cent is diesel. There is so much advantage in putting a lot of investment in agriculture. If we invest in oil palm, production or rice, cocoa and even cassava because of the value chain, we will gain the whole word. We have the advantage of the European Union market and we have an ambition to grow more than we are today.

How will investors help to drive this market?

In many ways, firstly, is the fact that they are not coming in to learn on the job, they have experience and also already on ground producing Indomie. In fact Nigerians and Americans eat Indomie. Indomie is a very successful brands and the producers of this brand has also diversified into vegetable oil. The advantages are very many and the best way to start is what we are doing presently which is to provide lands for investment in agriculture. Land, labour and capital, elementary economics. We have a fairly educated labour force or educatable labour force, people that can be trained and willing to be trained. We have a friendly infrastructural base where most of our rural areas are connected with accessible roads. So, with their experience in other countries and Nigeria, and their capacity to raise money from the banks or from international community to invest, the sy is our stepping stone. All we need. Is just to give them incentives, security, lands, visible co-existence and according to the Governor of the State, once we see that you are serious, we will give you a free certificate of occupancy, but I also expect the federal government to give their own incentive. We do not control international trade as a sub national state, we do not control waivers and imports, we cannot guarantee a loan for investments, only the federal government can do this under their various promotional schemes. We expect that if the federal government is serious about the agricultural transformation schemes, they should be able to support industries grow. We do not have time to waste as a nation.

What seems to be the challenge affecting the cassava value chain?

People still do their garri, lafun, starch and the rest, but we are talking about cassava to produce ethanol, quality flour, pharmaceutical products, sweeteners, but all the industries are not here. The promise to get Chinese to establish industries have not been fulfilled, we give land to the federal government. The money they said they are going to set aside for the local millers has not materialized too. As for the oil palm industry, like I said if you plant cassava today, in 8 months you can harvest it, but for you to get the maximum result, within 24 hours, you must take it to the mill otherwise it will go bad, but oil palm is different because it takes about 18 months. Clearly, the market is big, open and wide for investments. We do not need to be importing vegetable oil from anywhere, people should import from Nigeria. We need to make Nigerian oil the benchmark for the world market

There has been a shortage in supply of vegetable oil. Do you also advocate that government should remove waivers?

I will advise that anything we can produce must be encouraged so that we can produce more, in this modern world of globalisation, you cannot impose total ban on import, but I believe if we are producing sufficiently, the market forces will determine whether to Import or not, but because we are not producing enough we have to import. If people know they can get palm oil in Edo State, why will they want to import from Malaysia.

How much investments will these investors bring to Edo State?

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We are looking at a \$1.5 billion. The Dangote group is putting about \$400 million, the first grand proposal I accepted from Dulfil was about \$600 million. This is just the beginning. Other investors are also willing to spend \$30 million and some are planning to start small while some plan to start big. Dangote has already started to design their air fields, the irrigation systems and have already done evacuation. They are ready to start off in a big way and we know that when we finish the paper work with Dulfil, they also have the capacity to come out in a big way. The good news is that we have a government that is trusted by the people because they have seen developmental changes in the State and they yearn for more.

What advice will you give to manufacturers?

I see opportunities, you cannot have challenges without opportunities. If we do not have enough money to import rice and other commodity what do we do, we still have to produce something for country and for ourselves. We need to do more for the industries, agro business, agriculture as a whole. We need to develop a whole lot of focus to drive agriculture and industrialisation. We should also develop the market so that if we have anything to sell, we can get people to buy.

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