

- Production increase
- **Market access**
- Financing
- Natural resources



Nigeria



## Linking smallholder farmers and the private sector in Nigeria

By fostering linkages with OLAM, 3 000 rice farmers in Benua State, mainly women and youth, now have access private finance, technology and markets.

### Background

#### Promoting commodity value chain approaches

In Nigeria, more than 70 per cent of the total farming population is composed of smallholder farmers, cultivating less than five hectares and producing up to 90 per cent of the total national output. Despite their importance, smallholder farmers have seen their livelihoods constrained by a host of challenges: low productivity; paucity of opportunities for value addition; environmental degradation; limited access to productive assets and inputs; inadequate support services (extension and research); limited access to rural financial services; inadequate market and rural infrastructure (including water supply); post-harvest losses; and a constrained enabling environment. On the other hand, private sector is enthusiastic to engage in agriculture. The IFAD-supported Value Chain Development Programme (VCDP) is adopting a holistic and demand-driven approach to addressing constraints along the cassava and rice value chains. This necessitates an inclusive strategy of strengthening the capacity both of actors along the chain (producers, processors and their organizations) and of enablers (public and private institutions, service providers, policy and regulatory environment, etc.). In parallel, the programme is placing strong emphasis on developing commodity-specific value chain action plans at local level. The programme strategy is anchored in a longer-term vision of value chain development for poverty reduction and accelerated economic growth, creating the foundation for fundamental organizational and functional capacity of key actors in the agricultural sector.

### Innovations

#### Linking OLAM and smallholder rice farmers

VCDP is fostering linkages between farmers and OLAM International, a leading agri-business operating from seed to shelf in 70 countries, supplying food and

industrial raw materials worldwide. The linkages are enabling VDCP's beneficiaries to access private finance, technology and markets. OLAM's knowledge and field experience is of interest to VCDP as it can help reduce rural poverty. OLAM is bringing additional financial resources, technology and access to markets for IFAD target groups. While OLAM has internal technical capacity and easy access to commercial sources of capital, they have difficulty working with small rural producers because of higher transaction costs and lack of knowledge about rural communities. By organizing farmers into groups and building their capacity to negotiate with private companies, by building trust among the various partners, and by supporting a better business environment where such partnerships can flourish, VCDP is playing a role to reduce these transaction costs. VCDP is acting as an interlocutor or intermediary to connect with the private sector, rural entrepreneurs and small-scale producers.

## Results

### 3 000 rice farmers have signed an MoU with OLAM

VCDP has supported 3 000 smallholder rice farmers in Benua State in negotiating and signing a memorandum of understanding with OLAM. The partnership is enhancing their productivity and profitability.

### Productivity enhanced

VCDP is working together with OLAM to promote and disseminate of sustainable agricultural practices (including soil fertility management) and provide farmers with access to certified seeds of rice. OLAM is co-financing extension activities that are being delivered by private sector. To facilitate farmers' access to the matching grant fund put in place by VCDP, which addresses partially the financial constraints of the target groups and enables them to procure the necessary inputs, OLAM is currently in discussions with commercial banks to convince them to provide financial credit to the farmers which would cover their equity contribution in the fund. As such, the increased volume and quality of marketable produce is enhancing productivity of smallholder rice farmers on an economically and environmentally sustainable basis.

### Profitability enhanced

In addition, VCDP is collaborating with OLAM in selecting and strengthening the capacity of farmers' organisations. This will enable them to provide, in a sustainable manner, needed services to their members and achieve economies of scale. By improving their market access, the profitability of smallholder rice farmers is being enhanced.



Investing in rural people

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December 2016

## Value Chain Development Programme

The aim of the Value Chain Development Project is to enhance the incomes and food security of poor rural households engaged in production, processing and marketing of cassava and rice in Anambra, Benue, Ebonyi, Niger, Ogun and Taraba States on a sustainable basis. Poor rural households engaged in the cassava and rice value chains serve as the primary target group, including smallholder farmers cultivating up to five hectares of land, small-scale processors and traders.

Total cost: US\$ 104,7 million  
IFAD financing: US\$ 74,9 million  
Direct beneficiaries: 17 480 households  
Duration: 2012-2018