



– International Fund for Agricultural Development –
– Identifying and sharing innovation in Western and Central Africa –

– Agribusiness partnership –

I. Context

1. Name of the innovation

Agribusiness partnership – family farming: the example of palm oil in Nigeria

2. Country – Region

Nigeria

3. Organization

Okomu Oil Palm Company Plc

4. Who is the innovator?

Okomu Oil Palm Company Plc

5. Actors involved

- Okomu Oil Palm Company Plc
- Family farmers

6. Starting date

2003

7. Type of innovation

Institutional

II. Key concepts

8. Summary

The Okomu Oil Palm Company was created by the Nigerian Federal Government in 1977 to carry out palm oil production and marketing. It has more than 8,000 ha of oil palm plantations and was totally privatized in 1990.

In 2003, as part of its partnership project, the Okomu Oil Palm Company set up a partnership with family farms, which has enabled the latter to obtain the resources needed to develop and invest in palm-oil production. The company undertook to supply high-yield varieties of oil palm and to support small farmers both technically and financially (by granting them loans). The loans are then repaid after the sale of the fresh palm fruit. The company works with local financial institutions in negotiating credit lines for the farmers and acting as guarantor so that family farms can obtain loans. The company also provides training for farmers in methods of keeping regular accounts, entering receipts and expenditures. The company undertakes to purchase fresh oil palm fruit at market prices. However, farmers are still free to sell their produce to other companies that may make them a better offer.

9. What problems does this innovation seek to solve?

The partnership in question seeks to make access to improved oil palm varieties easier for family farms in order to improve their production and increase their means of livelihood.

10. Factors for successful replication

With regard to agricultural innovation, this partnership thus enables small farmers to:

- ✓ Acquire new high-yield varieties through the partnership with the Okomu Oil Palm Company
- ✓ Gain access to the resources needed to carry out their projects
- ✓ Increase the area under oil palm on their farms
- ✓ Gain access to markets
- ✓ Acquire farm management techniques (for example bookkeeping)

11. Main results

Using this approach, the company reduces its costs of expanding oil palm plantations and thus ensures greater profitability. A pilot project is already being carried out on 200 ha. This partnership has created a situation in which all the actors are winners.

12. Target group

Family farms

13. Difficulties encountered

14. Financial aspects

III. Technical aspects

15.

These new partnerships between agribusiness and family farms raise two basic questions:

- ✓ What actions and decisions are needed in order to ensure the good quality of the services provided by the agribusiness to family farms?
- ✓ In the partnership between agribusiness and family farms, what mechanism should be put in place to ensure a fair price and prevent family farms from being swallowed up by the agribusiness?

These questions can be addressed through the following four flows: *service flows* (to ensure quality), *knowledge flows*, *information flows* (to encourage transparency) and *capital flows* (to ensure a fair price and facilitate access to inputs).

IV. Further information

16. Key contacts

Name	Organization	E-mail
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17. Internet link

18. Key documents (document title + link or contact or address)

See some details to be updated in the SWAC document *The family economy and agricultural innovation in West Africa: towards new partnerships*, Paris, 2005.

Contacts are under way with the Okomu Oil Palm Company to update a number of elements.