

ABSTRACT

Ofada Baseline Survey

New Nigerian employment opportunities it is creating in the local communities. The target of the study is to make the production of the commodity more profitable to those engaged in it from the farmers, to the parboilers, millers and the marketers. Strategies adopted for the study included focus group discussions (FGDs), key informant interviews (KIIs), case studies where necessary, and enumerative survey of farmers, parboilers, millers and traders in the producing communities. This report presents the activities and findings in the implementation of the baseline survey, which includes key informant interviews, focus group discussions (FGDs), and enumerative survey carried out in the 4 focal States of Ogun, Lagos, Osun and Ekiti.

In all, a first set of 26 initial FGD sessions were held for farmers, parboilers, millers and marketers; a total of 570 questionnaires were administered across the 4 States with 329 (58%) questionnaires administered on farmers, 100 (17%) on parboilers, 61 (11%) on millers, and 80 (14%) on traders; and a second set of 15 FGDs for farmers, parboilers, millers and traders/marketers. A team of two researchers conducted the initial FGD sessions in each of the sites between December 7 and 10, 2006. For the enumerative survey, a total of 8 enumerators were engaged for Ogun State, and 4 each for Lagos, Osun and Ekiti States. The enumerative survey was carried out between December 11 and 19, 2006. The second set of FGD sessions were carried out between January 11 and 16, 2007. Mobilization of the rice farming communities was undertaken with the assistance of ADP extension workers and local chiefs in all the 4 States. Individuals for the KIIs and case studies were identified during the FGDs.

The study revealed the following:

Rice Cultivation

1. Planting is influenced by the onset of the rains mostly taking place in March and April and harvesting is done three to four months later. Farm sizes devoted to the crop ranged from 1 to 12 hectares. The modal size is 2 hectares; the average size is 4.6 hectares and more than 82% of the farmers crop between 1 and 5 hectares.
2. In Ogun state, which is the core state for Ofada rice production, farmers are in rice business because it is an inter-generational business, it is profitable, and bulk income can be derived from sale of products. The reasons in other sites are similar. Other stakeholders - parboilers, millers and traders - feel the same way. In addition, the predominance of rice farming in the communities attracts these other stakeholders. They would disengage from the business if it becomes unprofitable although this is unlikely.
3. Farmers in Ogun state would continue in Ofada rice business as long as it remains profitable. If they have more financial resources they would plant more hectares of the crop. In other sites, the opinion is similar. Other stakeholders would also continue the business as long as there is demand for Ofada rice. Nothing will stop some people from continuing with the business.
4. Ofada is the most commonly grown variety of rice in Ogun state rice growing communities. Some communities have tried NERICA but discontinued its cultivation because of poor demand for it. In Osun and Ekiti states, "Igbemo" white and red are grown. It appears that these are just varieties of Ofada. In Lagos State, the Ofada variety is the most commonly grown, parboiled, milled and traded.
5. Generally, farmers have access to family labour - male and female (adult and children). Adult female and male members of the household are generally more important in providing the required labour for

farming activities. However, many operations require more than the available family labour hence the need for hired labour and mechanisation by some farmers.

6. The cost of hiring labour varies from one State to the other but the average daily rate is about N500 (~£2).
7. Bird scaring is identified as the most labour intensive and most problematic activity in rice cultivation.
8. Fertilizers are generally available and N.P.K. was frequently mentioned by most of the respondents (70% in Ogun State). The average cost of the fertilizer is N 2,473 (~ £10) per 50kg bag. About 95% of farmers across the 4 States indicated that local seeds are readily available. Improved varieties of rice are also available but not commonly grown. About 88% of farmers purchase seeds locally. Agro chemicals, such as 2,4,D, orizoplus and Primextra are readily available but only about 50% farmers can afford them. Although there are accredited dealers of agro chemicals, fertilizers and seeds, 78% of Ogun State farmers purchase inputs from the open markets as the inputs can be purchased in smaller, affordable units.
9. About 95% of the farmers do not have access to credit facility and when they do, conditions are generally not favourable as interest rates are said to be very high. However, support sometimes comes from advance payments made by buyers before the harvest season.
10. There is evidence that extension officers go to the fields to assist rice farmers in various ways to improve productivity on their farms. The extension officers also train farmers in new technologies for rice production. Some farmers (less than a quarter of those interviewed) indicated that they had received training in such aspects as planting techniques, rice spacing and fertilizer application. Those trained indicated that the services were effective and provided free. About half of the farmers interviewed claimed to have used improved farming technologies for rice cultivation introduced to them and of this, only about half believe that they make more money from using such technologies.
11. Labour for the various activities in rice farming is recognized as the highest and most important area of cost. It is also considered a major challenge by about 80% of the farmers. Another area of considerable challenge is irrigation facilities to enable farmers plant more than once a year.
12. The average yield per ha is about 1.5 tonnes of paddy rice.
13. Challenges for rice farming in Ogun state include bird scaring, pests (monkeys, grasscutters), unpredictable rainfall pattern, expensive fertilizers and agro-chemicals and threats from cheaper/better quality imported rice. Money for the purchase of inputs and absence of government support are also challenges in other areas outside Ogun state. These are also true of the other Ofada clusters.

Parboiling:

Almost all the parboilers are processing for commercial purposes and they use whole drums, half drum (a whole drum cut into 2 halves), and aluminium pots as parboiling instruments.

The mean fees charged to parboil a 50kg bag of paddy at peak periods is N170 (< £1) while about N150 (< £1) is charged during the off peak period.

More than 95% of the parboilers do not hold the commodity for more than 4 weeks, about 57% of them hold the commodity for one week or less while the remaining hold it for 2 - 3 weeks.

About 17% of the respondents reported that there are opportunities for credit facility; however, only 2% claimed to have access to the facility. Most of the respondents (about 79%) agreed that there is a quality product of the commodity.

Challenges for parboilers in Ogun state include weather (sun and excessive rains), having to buy paddy on credit,

lack of water for boiling and high labour cost. In addition to these, pests and absence of government support are important in other sites.

Milling:

Milling is done as a service provided to farmers or parboilers and the service is charged based on the quantity of milled rice

Additionally, rice millers have to provide storage facility before or after processing. Majority (76% in Ogun) of the millers have one milling machine each which is operated with a Lister or Dorman diesel engine as prime mover.

About 90% of the milling machines used have been in use for between 11 and 35 years and in some cases were inherited from parents who had been in the rice milling business.

97% of milling machines were bought at a price range of N100,000 (£400) to N140,000 (£560) and were procured from Akure. 82% of millers in Ogun State also claim to use polishers. They are aware of new technologies in rice milling but will require some credit to be able to acquire such technologies.

93% of millers hire non-household labour at N200 (£0.8) to N600 (£2.4) for male and less than N200 (£0.8) to N300 (£1.2) for female labour. Labour rates for male and female are very different because intensity of activities are different (men tend to do more labour intensive activities)

About 76% of them operate between 7 and 12 hours a day for at least 11 days a month at a fee that is not dependent on the rice variety but averaged at N730 (£3) per 50kg of rice. They process up to 164 tins (a tin is about one sixth of a bag) a day during the peak period. During the off season, less time is spent milling and the cost of milling reduces to N560 (~£2) per 50kg of rice with a daily turnover as low as 38 tins.

93% of millers engage in active rice milling activities for at least 6 months in a year and about 75% of them actively mill rice for at least 10 months in the year. In a season, about half of the millers process more than 200 bags of 50kg while 25% of the respondents process less than 50 bags of rice in a season.

66% and 59% of respondents reported machine maintenance and fuel respectively as the major areas of cost in milling.

Challenges for millers are nearly the same for Ogun state and the other states. The most important include shortage of fuel (diesel), low off season patronage, mechanical faults and obsolete equipment. Another major challenge encountered by most of the millers is the presence of stones in rice.

Most millers (72%) have not had any support from their association in dealing with any of the challenges.

Trading:

- Traders generally prefer to display high grade rice for sale as there is limited market for lower grades. In general, "quality" is the prime factor influencing the choice of rice to sell.
- 77% of the traders interviewed in Ogun State and 100% in the other 3 States can be classified as small scale traders.
- Market prices vary slightly from one place to the other. In Ayiwere, Ogun State, a 25kg of paddy costs about N 3,500 (£14). In Ifo community also in Ogun State, the finished rice costs up to N

3,500 (£14) per 20kg. Averagely, a tin measure (Garawa) of processed rice is between N 2,500 (£10) to N 3,500 (£14) in Erin-Ijesa community, Osun state. The minimum price for processed rice in Erin Ijesa in 2006 was N2,500 (£10), while it was N 2,400 (~ £10) in Igbemo.

- Prices of high grade rice (white, without stones or husks) range from N10,500 (£42) to N12,000 (£48) per 50kg bag, while lower quality rice attracts a price range of N7,500 - N9,000 (£30 - £36) per bag.
- Rice is stored mainly in bags, average bag size being 50kg.
- Traders are assisted by their spouses and friends. 58% of Ogun State traders have more than 5 of their household members helping in one way or the other in the business. In many instances between 1 and 5 members of the households are engaged in other employments apart from rice trading.
- Traders get most of their supplies from farmers and millers. Traders buy from mills and some farmers take back their commodity to sell after milling.
- Number of bags traded per day during the peak season range between 2 and 20 with an average of about 6. During off season periods, number traded range between 2 and 15 bags with an average of 5.6 bags.
- A sizeable proportion of rice is sold within the communities. Majority of traders however sell outside the community (36% of in Ogun State, 62% in Lagos, 73% in Osun & 85% in Ekiti).
- Poor financing is one of the constraints mentioned by traders, and this is partly due to poor access to credit facilities.
- The most important health issue raised by the traders is inadequate, sometimes absence of shades in the market places where they display their commodity. This exposes the commodity to dust and the sellers to excessive sun which may produce adverse health effects.
- Some of the challenges facing the traders include: lack of credit facilities, reduced demand during off-peak periods, poverty, importation of cheap rice, rising demand for Ofada from outside the locality which creates competition during off season (October to July) and weather. There are also challenges associated with transport and handling.
- A few respondents mentioned water shortage as a challenge while fuel wood shortage and HIV/AIDS were not seen as challenges except in Lagos State.

From the above, it is clear that rice production requires considerable intervention at various stages to improve the value chain. Farmers need support for profitable investment in and maintenance of their farms. Parboilers need to be strengthened to be able to buy paddy and traders need credit facility to help them buy competitively from the farmers/millers.