

Dangote launches 25,000 hectare rice scheme in Sokoto

LAGOS, Nigeria - Dangote Rice, a subsidiary of Dangote Group is set to launch in Sokoto state with a multi-million naira 25,000 hectare rice outgrower scheme, with a prospect of hundreds of thousands of employment opportunities for rural inhabitants.



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President of the group, Aliko Dangote, disclosed at the weekend that the company will launch with a pilot project of 500 ha near Gonroyo dam, in Goronyo community. Gonroyo dam is the second largest in the country, after Kainji.

The launch ceremony which will witness seedlings being distributed to the primary local farmers who will in turn plant the seed, after which [Dangote Rice](#) company will purchase from them for milling and final processing.

Sokoto state is the second after Jigawa, out of the 14 states spread across the state where Dangote Rice plans to operate outgrower scheme to empower local farmers and create job opportunities for community dwellers and reduce migration to the cities.

Dangote Rice projects in the 14 states, when operational, will generate a significant number of jobs and increase take-home income for smallholder farmers, all while diversifying Nigeria's economy and reducing the nation's food import bill.

Statistics from the Federal Ministry of Agriculture and Rural Development (FMARD) estimates that rice demand in Nigeria

reached 6.3 million MT in 2015, with only 2.3 million MT of that demand satisfied by local production.

This local production shortfall leaves a gap of 4.0 million MT that is currently being filled through formal importation of rice or illegal imports over land borders.

By year-end 2017, Dangote Rice plans to produce 225,000 MT of parboiled, milled white rice. This will allow it to satisfy 4% of the total market demand within one year. The model can then be successfully scaled to produce 1,000,000 MT of milled rice in order to satisfy 16% of the domestic market demand for rice over the next five years.

Due to the current economic crisis, domestic prices for agro-commodities have risen dramatically over the last 12 months, making local agriculture an attractive investment. Dangote Rice seeks to take advantage of this economic trend and the favourable policies laid out in the FMARD's Agricultural Transformation Agenda.

Through the Dangote Rice Outgrower Scheme, DRL will partner with outgrowers (smallholder and contract rice farmers) to cultivate and grow rice paddy. Specifically, DRL will provide inputs, technical assistance, extension services and land preparation services and equipment directly to farmers. At harvest, DRL will recoup the costs of inputs and services in-kind and will act as a guaranteed offtaker for paddy that meets certain pre-agreed quality standards. Smallholder farmers will provide land and labour.

The centralised outgrower model enables a high level of control over product quality and quantity. The purchasing price given to farmers will reflect each season's market price and will be set after an extensive market price survey and consultation with all stakeholders.

In the short-term, Dangote Rice will be responsible for importing all of the inputs needed for cultivation and making them available to the outgrowers. By end of 2017, Dangote Rice will have 25,000 Ha under rice cultivation across three sites in Northern Nigeria, having identified rice-growing communities in Jigawa State (5,000 Ha); Sokoto State (10,000 Ha); and Zamfara State (10,000 Ha).

The 25,000 Ha will be farmed by nearly 50,000 outgrowers in the selected site areas. These outgrowers are already organised into cooperative associations. There will be contracts with each farmer.

Upon harvest, Dangote Rice will offtake rice paddy and transport the paddy to be processed. One centralised mill will mill the stored paddy rice from all three sites.

Dangote Rice plans to produce one million MT of rice from 150,000 Ha in the next five years. They intend to accomplish this by scaling the business model described above to more sites and rice growing communities. These communities have been identified and relationship building and sensitisation has already begun. In addition to scaling the above model, DRL will establish and manage a high-quality seed development farm at Numan in Adamawa to reduce the costs of seeds.

Dangote Rice will also establish raw material reception, drying, hulling, parboiling units and silos in strategic areas throughout the country near additional outgrower communities. Each site will store dried, hulled, parboiled bran rice. DRL will then transport this bran rice to a mill, where finished rice will be produced.