

# Nigeria's Edo state goes back to the future with palm oil production

*Once a major palm oil producer, Nigeria has in recent decades been eclipsed by Indonesia and Malaysia. But a sustainable project in Edo state is helping to get the industry back on its feet.*



Nigeria in the 1960s used to be the world's top producer of palm oil. Today, palm oil has become one of the most versatile oils and can be found in nearly everything.

The World Wildlife Fund estimates that it is in up to 50% of the packaged products we find in supermarkets around the world, from pizza, doughnuts and chocolate, to deodorant, shampoo, toothpaste and lipstick. It's also used in animal feed and as a biofuel in many parts of the world.

But as Nigeria focused, post-independence, on crude oil and agriculture faltered, palm oil production declined. Today the country imports most of its palm oil from Indonesia and Malaysia, the world's largest producers.

Palm oil plantations are best suited to grow at around five degrees either side of the equator. As such many African countries have a competitive advantage, even though Malaysia and Indonesia currently account for 85% of global production.



Harvesting palm oil on a plantation. (Photo: [khamkula](#) / Adobe Stock)

But palm oil has not been without controversy. As these two countries increased production, they were accused by environmentalists of destroying large swathes of forest to make way for plantations.

In the southern Nigerian state of Edo, where the local government has launched a coordinated strategy to grow the industry, policymakers have had to learn from the mistakes of the past in order to lay the groundwork for a more sustainable future.

Godwin Obaseki, governor of Nigeria's Edo state, says that the industry has to be more aware of its environmental footprint in order to thrive.

"Palm oil has had a bad rap. And we knew we had to do things differently. We argued that we're not going to cut down forests to grow palm oil plantations but rather we will grow palm oil and encourage the growers to invest to grow back our forests."

Obaseki, governor since 2016, campaigned on a promise of job creation. The state had a history in agriculture, including palm oil, and he saw the sector as low hanging fruit when it came to creating employment.

#### **Related article**

## **Urgent action is needed to improve Africa's food systems**

**Boaz Blackie Keizire**

### **Rehabilitating degraded land**

The first challenge, he explains, was mapping out the land ownership and



The first challenge, he explains, was mapping out the land ownership and availability for agriculture.

The state engaged Proforest, an NGO which supports agriculture that can deliver positive social and environmental outcomes, to oversee the mapping analysis. The idea was to work with conservationists to grow palm oil in the most sustainable way and to protect as much of the forest as possible.

Obaseki is a career investment banker, but he grew up in a family that had always been involved in forestry. When he saw the results of the mapping exercise, he was devastated. Large swathes of forest, much more than Edo state had anticipated, were degraded.

“When we saw the [Proforest] report, we realised that 80% of the reserves had been encroached on. From almost 625,000 hectares of reserve land, what we could call real forest was less than 200,000 hectares.

“We had to go back to the drawing board in terms of our strategy. There was land that had been so badly degraded that we couldn't do much about. There was some that could be remediated and then you had forest. So we had to determine what we could make available for agricultural use and animal cultivation, what we needed to protect and preserve and how to regenerate the degraded land.”

It was on the back of this, he adds, that Edo State developed a strategy whereby the companies that would develop these plantations would do so on degraded land. On granting companies concessions, they would also insist on restoration of degraded forest area equivalent to 25% of their land holding.

## Related article

### Add local value to resources to avoid global shocks, says Abdulsamad Rabiu

Omar Ben Yedder

## The case for the private sector

Obaseki explains that his state has the added advantage of experience when it came to palm oil. Two of Nigeria's biggest producers, Okomu and Presco, already operated in Edo state.

There was institutional knowledge and professionals already operating on the ground.

The economic environment was also conducive. In 2015, the newly elected Buhari government, which was faced with a global fall in the price of oil and a reduction in foreign reserves, started to encourage a policy of import substitution.

The federal government imposed a 35% duty on the import of palm oil and banned the allocation of foreign exchange to importers of palm oil, as well as 40 other products including rice. That led to serious consideration of the potential of the palm oil industry.

“On 3 June 2015, the federal government announced a 35% duty on the import of palm oil and a ban on the allocation of foreign exchange to importers of palm oil, as well as 40 other products including rice. That led to serious consideration of the potential of the palm oil industry.”

“Today Nigeria spends half a billion dollars annually importing palm oil... agriculture is a business and we need to understand the beneficiaries in this chain and create a market for it,” says Obaseki.

“We had to be very careful and very deliberate about the programme. That meant setting up the right frameworks and also institutions, including updating forestry laws, land registries, etc. This is to ensure all the different stakeholders were comfortable with the programme, both from an investor’s perspective, the local communities and also ensuring that things were developed sustainably.”

He estimates that Nigeria today has a palm oil production gap of 650,000 tonnes: “That will require 350,000 hectares of plantations. We have already cultivated 70,000 hectares and we are putting a fresh 125,000 hectares into cultivation over the next three years. That should make up to 20–30% of the current deficit.”

Edo state is also developing other crops, including cassava, cocoa and rubber. The framework around sustainability will be the same for these crops as it is for palm oil.

Producer countries, he says, are looking at agreeing principles for the responsible production of major commodities, with the objective of signing a new protocol at Cop27 in Egypt this November called the Africa Sustainable Commodities Initiative.

“Cassava is quite prolific. It also has industrial uses, from fish stock to ethanol, so we are supporting investors with large tranches of land to cultivate cassava, from about 25,000 hectares to 70,000 hectares today.”

Even with mechanisation, he estimates that a hectare of land requires on average four labourers. So with 100,000 hectares there is, in theory, the potential to create 400,000 jobs, even before considering those involved in processing and value addition.

## **Related article**

## Can Africa's dreams of feeding China bear fruit?

Charlie Mitchell

### Cohesive strategy

But farmers require support to make the most of opportunity. Obaseki explains that a successful agricultural sector requires extensive coordination so that input subsidies including seeds and fertilisers are distributed to those most in need.

Obaseki says the state has created its own programmes which are able to tap into financing initiatives that the federal government and Central Bank make available. This includes a \$500m fund of low interest loans made available to Nigerian producers. The Edo State Oil Palm Production (ESOPP) programme is the vehicle through which public-private partnerships and investment happens.

Capacity and institution building are also critical to success, he says. The state has been working with international partners and organisations. Edo state is a signatory of the Marrakech Declaration for the Sustainable Development of the Palm Oil Sector in Africa – initiated at Cop22 in 2016 – and a member of the Africa Palm Oil Initiative, along with nine West and Central African countries.

But the most important factor in bringing palm oil back to Nigeria is a coordinated approach and a cohesive strategy, he explains.

“Our plan was not to reinvent the wheel, but to see what resources were available and tap into these resources to strengthen what we are doing.”

## Omar Ben Yedder

45 Articles written.

---

### Keep reading

**Energy** *March 2nd*

**Paris court dismisses NGOs lawsuit against East African Crude Oil Pipeline**

By Leo Komminoth

**Energy** *February 22nd*

**Droughts raise doubts over hydros future role in Africa**

By Ben Payton

**Energy** *February 21st*

**Guinea junta likely to back down on**



## mining pledges

By Jessica Moody

## More by Omar Ben Yedder

---

**Business** February 6th

**African businesses are key to transforming the continent**

---

**Business** February 2nd

**All systems are go for Zimbabwe, says Mthuli Ncube**

---

**Technology** February 1st

**MultiChoice is well placed to take on global streamers, says CEO**

---

**Quick Reads** March 15th

## CoM2023

Financing Africa's Recovery: Breaking New Ground The fifty-fifth session of the Economic Commission for Africa consists of a preparatory meeting of the Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development, followed by the ministerial segment of the Conference. In addition to considering the statutory matters of the Commission,...

**Find out more**

---

## Follow us

Facebook

YouTube

Twitter

## **Our publications**

Magazine de l'Afrique

New African Magazine

African Banker

## **Our services**

IC Events

IC Intelligence

IC Publications