

OKOMU

Responsible tropical agriculture

REPORT ON PROGRESS FOR SMALLHOLDER INCLUSION IN OKOMU FFB SUPPLY BASE

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UPDATED REPORT

APRIL 2025

A. OVERVIEW

1. Okomu has a target to source 200,000T metric tonnes of FFB from smallholder farmers within the next 10 years starting from 2021. This plan will cover 5000 Farmers within 50-100km distance by road of either of Okomu's two (2) mills.

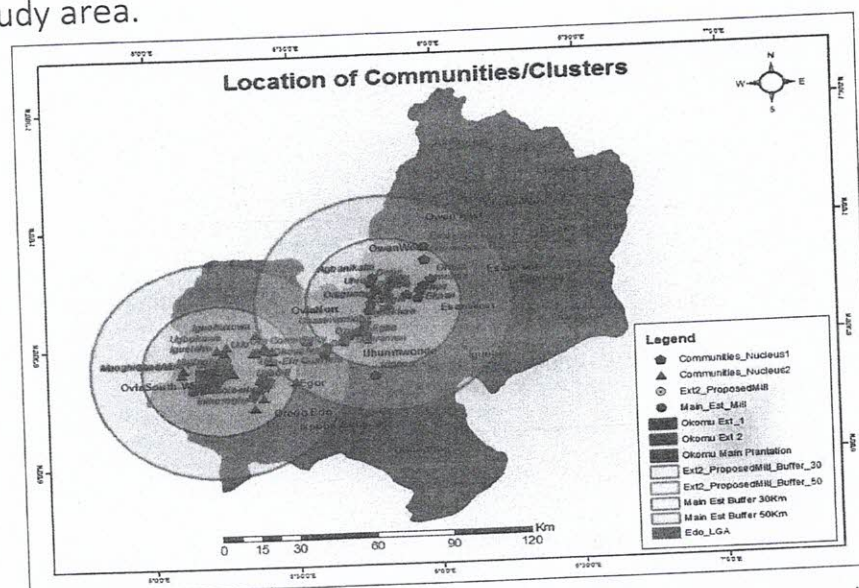
B. BACKGROUND

2. In 2017, Okomu Oil Palm Company PLC (Okomu) decided to include smallholders into its supply chain for the purpose of getting Oil palm farmers into the larger supply chain in Nigeria by providing a market for their produce and in doing so Okomu will be in a position to provide support to farmers especially areas where it has its CSR footprint as part of its CSR activities and also provide training on Best Management practices in Oil Palm(BMPs) including Good agricultural practices, records keeping, legality and sustainability with the ultimate aim to move the farmers into an applicable RSPO certification
3. Most of the farmers are fragmented, with unknown and poor planting materials, mostly of Dura material of doubtful origin, in addition to their inability to practice BMPs coupled with poor records keeping most of them are not part of the formal banking system. Moreover, they have no legal title to their lands and therefore could not use the land as collateral for raising funds for expansion or for working capital etc.
4. Okomu's initial interest was also to help in reducing the negative aspects of their farming activities especially in terms of agrochemical usage, which was indiscriminate and posed both personal and environmental problems.
5. Since 2017, Okomu in partnership with MADE & 2SCALE (social NGOs) has been developing an inclusive business model that seeks to off-take FFB from smallholder farmers within 50km by road of its palm oil mills. Currently, the company operates at its Main estate and Extension One in Ovia Southwest LGA, and Extension Two at Ovia Northeast and Uhumwonde LGAs in Edo State, Nigeria. Now the distance from the mills has been agreed at 100km
6. Okomu invested up to 60 million Euros into expansion of its existing oil mill and the building of a new oil mill so the processing capacity has now been expanded from 200,000 tons FFB processing per annum to well above 400,000 tons FFB processing
7. These expansions will be able to cover the expected increase in FFB

production thus guaranteeing markets for the smallholder farmers

8. In 2019 - Farmer identification was undertaken by MADE for the purpose of knowing where farmers are located. The number of farmers identified so far is summarized below:

- a. A total of 42 communities/clusters were covered in the study viz: 26 communities/clusters and 16 communities/clusters in Nucleus 1 (Okomu Extension 2) and Nucleus 2 (Okomu Main Estate + Extension 1) respectively. The communities covered, spanned the following LGAs within the study area: Ovia Southwest, Ovia Northeast, Uhumwonde, Owan West, Ikpoba-Okha, and Esan West LGAs. The primary data were collected from a total of 511 respondents in the study area. These respondents comprised 251 existing oil palm smallholders and 260 prospective (intending) oil palm smallholders. Out of the 251 existing oil palm smallholders, 164 (65.3%) were in Nucleus 1 whilst Nucleus 2 had 87 (34.7%).-Also, the 260 prospective oil palm smallholders were made up of 217 and 43 respondents in Nucleus 1 and Nucleus 2 respectively.
- b. Generally, the clusters are characterized by small-sized farm holdings of less than one hectare per household. Men dominate farming while the women were more involved in marketing of oil palm products. A few oil palm plantations can be found in the communities while the wild grooves are scattered all over the study area.



9. So far, 12 cooperative farmers' organizations namely: have signed agreements to work with Okomu on the smallholder

programme

10. NUMBER OF COOPERATIVES WORKING WITH OKOMU

S/No	Cooperatives	No of Members
1	Urhezen / Iguelaho	170
2	Ahuemwengbe	132
3	Dewel	34
4	Ebho Omigie	167
5	Idunmwengie	14
6	Alaghodaro	28
7	Maroghionba	27
8	Osagioduwa	11
9	Odiguetue	74
10	Efionayi	6
11	Agbado	31
12	Iyera	14
		708

C. STATUS

Below are the steps in the implementation plan to bring smallholders into the Okomu FFB supply base:

11. In September 2020, a design workshop on the smallholder project for Okomu was completed and the outcomes was to continue with extra work on mapping of farmers with a consultant for which the ToR was prepared and financed by 2SCALE
12. 2scale and Okomu along with other stakeholders validated the outcomes of the design workshop in the middle of October, 2020.
13. An FFB purchasing agreement was completed and signed between Okomu, Terra Agric Commodities and individual farmers as well as the cooperatives. New farmers who join also sign the same agreement. Terra Agric is the aggregation and purchasing organization as well as providing trainings to farmers and providing support to farmers by engaging service providers like labour services to farmers, if required. Okomu provides a margin for the aggregation by Terra Agric and Okomu bears the FFB transport costs to the oil mills
14. A value chain study was commissioned by 2scale to among other things identify the pricing model for FFB purchased from smallholders in Q1 2020. Due to COVID-19 issues in 2020, the study was not completed on time. The draft result of the study was only made available in May/June 2021.

15. A meeting, initiated and funded by 2scale, was held to validate the results of the value chain study with farmers and other stakeholders in August 2021
16. A final agreement on the pricing formula was completed between the farmers and Okomu, based on the study, in August 2021.
17. FFB purchasing started in the absence of the pricing formula, due to pressures from smallholders during engagement programs, in April 2021 till the pricing formula was agreed in August 2021.
18. Trainings offered to farmers by 2SCALE was on various topics like organization of cooperatives and governance structure, group dynamics while Okomu has been doing agronomic trainings including harvesting and fruit identification as well as Best Management Practices (BMP)
19. 2scale funded the data collection agents for an improved database for farmers to ensure the development of a digital dashboard to be based in the cloud so that farmers can use mobile phones to check their harvest and payments history. This has not yet been concluded for use
20. The Service Delivery Model study to identify the strategy for service delivery was developed with technical assistance of IDH (an NGO) which is also now providing support of the smallholder with focus on environmental care. The background and results of the service delivery model can be found on the following link <https://www.idhsustainabletrade.com/publication/sdm-case-study-okomu-nigeria/>
21. The eventual strategy to be deployed was to rehabilitate, and expand existing farms especially the younger areas of mostly Tenera farms, while the older areas above 25 years of Dura farms will be replanted in the first instance. Areas with mixed crop of more than 50% Dura but less than 20 years was to be replanted in the next 5 years
22. Existing and New areas for farmers identified within the 100km areas will be planted with improved planting materials supplied by Okomu and paid for by the farmers. In 2022 Okomu sold 113,000 seedlings while in 2023 we sold 93,000. In 2024 Okomu sold 69,000 This will continue in the coming years
23. The above strategy hinged on getting funds from funding organizations
24. The search for funding has not been successful so far but efforts are still ongoing
25. All the planting material are from Okomu nurseries for quality assurance.

26. Inputs such as tools, fertilizers will be obtained, at the farmer's request, through service providers brought in to take up that role.
27. Part of the strategy for farmer inclusion is to ensure compliance with RSPO Principle and Criteria (Smallholder standard), is part of the training of the extension agents. Okomu and TA commodities have participated in the RSPO master trainer programme in 2023 in Ghana
28. A supplementary livelihood project for beekeeping and small ruminants farming has been started with support of IDH. another NGO funded by the Dutch Government who are also in partnership with Okomu to implement the smallholder project. So far 200 beehives have been set up and 10 smallholder farmers have benefited from the small ruminants' project though that one has hit a few hitches involving survival of the animals

ONGOING ACTIONS

29. The implementation of the service delivery model was slow due to extenuating circumstances especially funding for farmer plantings and maintenance of farms. In addition to funding issues the population of farmers numbers not achieved for effective service delivery. We intend to restart the full implementation in the coming years starting 2025 Q1 by doing a new study on that called the Inclusive Business analytics and coming up with a new strategy. This will draw on lessons learned in the implementation of the SDM
30. Okomu undertook some 28km of road rehabilitation in the dry season of 2023 and 17 km in 2024 to aid the smallholder farmers for accessibility.
31. When the IBA study and strategy is fully implemented, a needs assessment will be carried out to understand the additional value support Okomu and partners can offer to the smallholder to improve their livelihood.
32. Women have shown interest in the program and their needs will be better captured if the current product market avenue currently engaged is not appealing to them.
33. An umbrella organization has been formed called **Friends of SMART Plantation Growers Initiative** as an umbrella organization of the Cooperatives to implement the standards for independent certification for the smallholder farmers
34. RSPO secretariate in Africa has been supporting this and has trained Okomu and TA commodities and implementation is ongoing on training of farmers etc.

Task	Name/signature	Job title
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