



Recovery of regional grain trade chains in sub-Saharan Africa beyond the COVID-19 pandemic: the case of rice in West Africa

Andrew Agyei-Holmes,
Research Fellow, ISSER, University of Ghana

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Background

- Food security crop
 - But region increasingly relies on imports
 - Local VCs are constrained by tech, finance and coordination although they supply about 99% of the local rice
- Nearly half of all rice consumed since the early noughties were imports
 - Note that whilst some countries are nearly sufficient (Mali) others are not (Niger)
 - Deficit growing – population growth, urbanization & changing diets (Patricio Mendez del Villar, an economist at CIRAD)
- Post 2008 food crises gov in the region defined upgrading policies to boosting local production to bridge supply gaps. These upgrades include:
 - Large haulage infrastructure & coordination of actors to improve quality of rice produced
 - These upgrades are more prominent in countries with high rice production and imports (Matty Demont, senior economist and CGIAR Program Flagship Leader at IRR)



Rice VCs and Covid-19

- Is value chain type of essence?
 - No! Both local and upgraded value chains are being affected
 - Labour supply challenges and uncertainties hampering production
 - Exacerbation of financial institutions' reluctance to provide loans
- Existing underlying conditions –
 - Mainly rainfed, production volumes susceptible to drought
 - Missing middle (lack of well-developed processing, handling and distribution infrastructure)
 - Value chain governance and institutional innovations to address coordination and marketing issues generally lacking
- Covid-19 in the mix
 - With a huge deficit between what is produced locally and what is consumed the onset of Covid-19 and associated lockdowns triggered panic buying causing prices to go up



Case studies

- Nigeria
- Mali
- Ghana



Nigeria I

- **Background**
 - Between 2009 and 2018, 15.7m people were undernourished and this is growing at 18.8% per annum
 - Average annual rice consumption per capita is 28kg; growing 2.3%
 - Produce 3.7m tons of milled rice per annum, growing at 10%
 - Among the top 20 producers of rice globally and reducing its imports
- **Policies I – tariffs and border closures**
 - Steep tax increase on imported grains
 - Blocked food importers' requests for foreign
 - in August 2019, borders to prevent rice from being smuggled into the country, most of which comes from Benin.



Nigeria II

- Policies II – supply side support

Provision of support to the private sector through a series of measures :

- guaranteed minimum price, input supply, farm loans, tax exemptions for rice plants
- This **helped to boost the production of small-scale farmers** (80% of the sector) (2010 - 2.9 m tons; 2018 – 4.5 m tons)
- Encouraging large companies (Dangote, Coscharis and BUA) (20% of producers) to make investments
- Foreign players like Olam and Stallion (a conglomerate owned by the Indian national Sunil Vaswani and headquartered in Dubai) have also been encouraged to make investments



Mali

- **Background**

- Landlocked, longstanding tradition of rice farming, constitutes a historical exception since it has largely been able to maintain its self-sufficiency
- produced more than 3 million metric tons of rice in 2018, according to the United Nations' Food and Agricultural Organization [FAO]). Mali now able export to neighbouring countries

- **Policies I**

- Subsidies - thanks in part to government subsidies of 35 billion CFA francs (\$64 million). Rice production is now double the country's annual consumption.
- Production of rice grew from just 900,000 tonnes in 2008 – below the domestic consumption of 1.1 million tonnes – to 2.7 million tonnes in 2016



Mali

- **Policies II**

- **Mechanization** - Poorer or very small-scale farmers also are eligible to buy tractors if they group together to cultivate at least 50 hectares (124 acres) of land with the equipment.
- **Budget** - allocated at least 15 percent of the national budget to agriculture
- Surpassing a target of **10 percent agreed** to at the 2003 African Union Summit as part of the Comprehensive Africa Agriculture Development Programme.

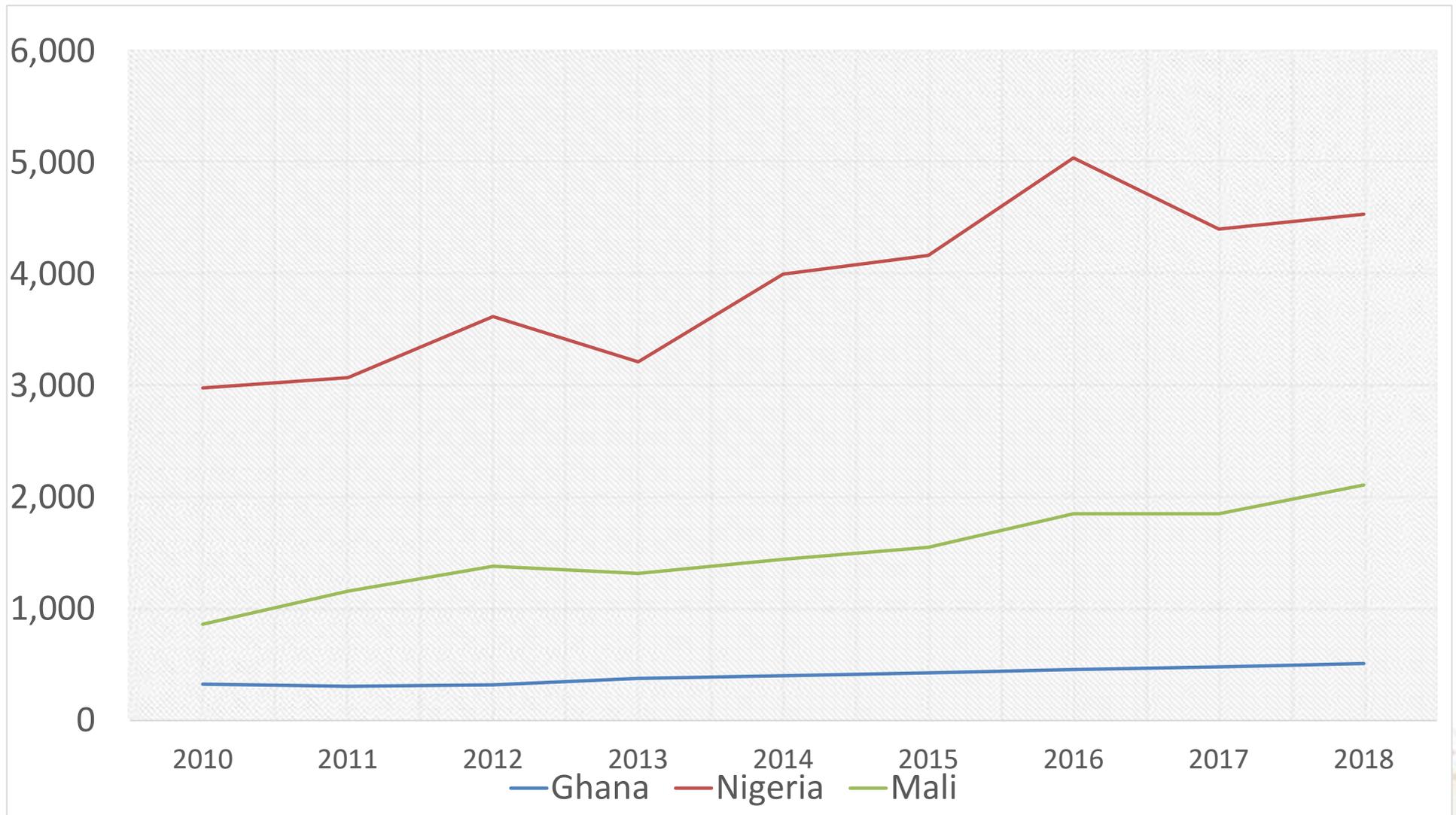


Ghana

- General agricultural policies
 - Planting for food and jobs
 - Several crops being considered including rice
 - Input subsidy, market access, extension
- Rice policies
 - Rehabilitation of irrigation schemes
 - Generally not country wide
 - Efficiency centre based
- Outcome
 - Rice sector growing but quite slow – imports are still high and drove panic demand during the early days of the pandemic



Rice production in '000 mt



Concluding Thoughts

- With significant capital constraints in the sub-region concentrating on some critical crops per time for support will be critical – e.g. rice
- Mali has taught us that taking some AU agreements seriously is critical – e.g. budgetary allocations
- More investments are necessary but should be targeted, with the aim of improving efficiency – mention the cost of production in Asia.
- A careful balance should also be made between protectionism and efficiency improvements and market competitiveness
- Promotion of consumption of local rice is also key.

