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Accelerating the ECOWAP/CAADP implementation

Strategic policy paper on the regional offensive for sustainable rice production in West Africa



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I. The economic and social importance of rice in West Africa

1. Rice is playing a more and more important role in the agricultural and food economy of West African States. From a status of marginal crop in the sixties and seventies, rice has gradually emerged as a strategic product, in terms of its contribution to food security and its role in the local economy, particularly in improving farmers' incomes. Rice is the fourth cereal produced in West Africa (19.5%), after millet (29.5%), sorghum (28%), and maize (24%). Although production has increased almost threefold between 1980 and 2010, rising from 3.2 million to 11.5 million tonnes, West Africa has become the first world region importing this cereal. In fact, more than any other cereal, the demand for rice is growing at an annual rate of at least two and a half points higher than the regional supply. The share of rice consumption in that of all cereals increased from 15% in 1973 to 26% in 2010
2. The regional rice market is characterized by a structural deficit that tends to increase under the effect of a demand driven by the population growth, urbanization and improved purchasing power of a more and more important segment of consumers. West Africa must resort to massive importations to meet its deficit, estimated, in 2010, at approximately 40% of its needs. The effects of this deficit are amplified by recurrent food crises that the region is facing periodically. The 2008 food crisis resulting from soaring commodity prices has highlighted the social dimension of this commodity: the degree of market supply is crucial to the political and social policy of many countries. For example, "a 30% increase in the cost of rice actually increased poverty rate from 64% to 70% in Liberia". (AFD, 2011).
3. Taking these developments into account, several regional and national agricultural strategies and policies have been put in place to promote this crop. Long before the crisis of 2008, UEMOA had made rice one of its priority value chains. Rice is indeed one of the commodities included in the emergency programme initiated by the ECOWAS to help cope with the effects of the 2008 food crisis: "the regional offensive for food production and fighting against hunger". This programme has inspired many national initiatives to boost the production of that cereal.
4. ECOWAP/CAADP, the regional agricultural policy, adopted in 2005, after a long participatory and inclusive process, gives a decisive role to rice development, the promotion of which aims at, (i) exploiting the region's huge potential, (ii) reducing external dependency, and (iii) developing the regional market.

II. Exponentially growing demand

5. Rice consumption has grown quite rapidly since the second half of 70s as a result of several factors: a population nearly doubling every 25 years, accelerating urbanization and changing food habits of a more and more important segment of the population. The growth rate of the demand for rice in West Africa, estimated at between 5 and 6% per year far exceeds that of the production of this cereal, which has been rising by about 3.2% per year since 2008 (AfricaRice).
6. Rice accounts for 20% of total cereal consumption, behind sorghum 25%, maize 23% and millet 23%. When we exclude Nigeria, this share rises to 27% in 2010, against 15% in 1973. In some countries such as Guinea, Guinea-Bissau, Liberia, Senegal and Sierra- Leone, rice consumption is more than 60 kg per capita and per year. Regional production satisfies only about 60% of

regional needs. Countries that are more dependent on rice imports include Senegal, Ghana, Benin and Côte-d'Ivoire whose rate of self-sufficiency is lower than 40%. Nigeria and Liberia meet their national needs at respectively 65% and 50%. In short, rice is a vital food product for the food security of West African people.

III. A growing dependence on the international market

7. Cereal imports represented, for the period 2004-06 (before the price rise in international markets) an annual bill of \$2.8 billion for the ECOWAS zone, i.e., 39% of food imports. Over the past ten years, this bill has increased by 230%. Rice is West Africa's first cereal imports item. Between 1962 and 2009, rice imports have increased in volume by over 13, from 0.4 million tonnes in 1962, to 1.9 million tonnes in 1990 and 5.2 million tonnes in 2009. They are estimated at around 7 million tonnes in 2010 and 2011, representing a bill of nearly \$3.6 billion.
8. The first regional rice importer is Nigeria with a volume between 1.8 and 2 million tonnes, followed by Senegal with 0.8 to 1 million tonnes, Côte-d'Ivoire 0.6 million, Benin, more than 0.5 million¹ tonnes. These importations are facilitated by a relatively liberal trade policy, with the exception of Nigeria which has long opted for a fairly strong protection of its market. This opening has been amplified by measures taken by the States to curb the effects of the 2008 food crisis, including tax exemption of rice imports.

Table 1: Disparities in tariffs on imported goods

Products	UEMOA And Cape Verde	Gambia	Ghana	Guinea	Nigeria	Maximum rate in the region	Unweighted regional rate
Paddy	5%	0%	20%	20%	50%	50%	10.3%
Husked rice (cargo rice or brown rice)	10%	0%	20%	10%	50%	50%	13.4%
Semi-milled or wholly milled rice	10%	0%	20%	20%	50%	50%	13.8%
Broken rice	10%	0%	20%	10%	50%	50%	13.1

Source: ECOWAS database

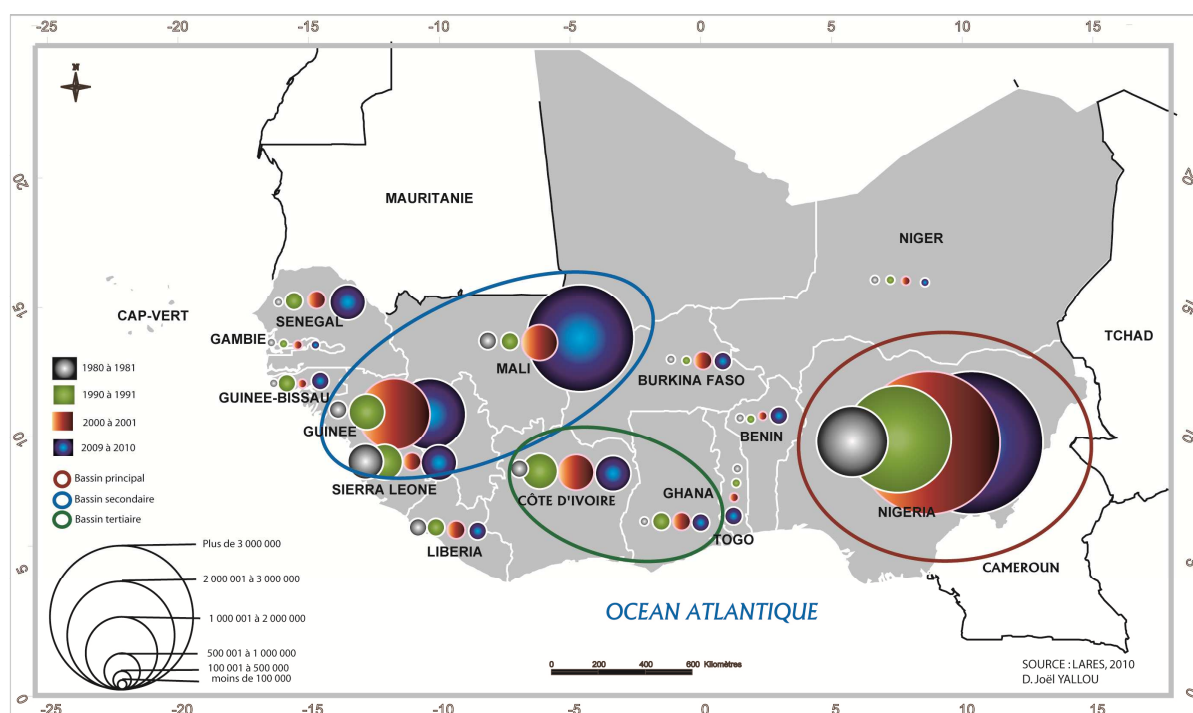
IV. A clearly growing production

9. Rice production has significantly increased over the past ten years, particularly in 2008 and 2010. The regional supply has increased by 30% between 2008 and 2009, (CILSS, 2010) as a result of measures taken by the States to address the crisis, including input subsidies and collection of products at prices negotiated with producers' organizations and finally the good climatic situation.
10. The area planted with rice crop is between 5.5 and 6 million hectares annually. Three production areas emerge clearly. The first basin is formed by Nigeria which, out of 2.4 million hectares, provides over 40 % of the regional production estimated at some 11.5 million tonnes of paddy in 2010. Followed by the basin formed by Guinea, Mali and Sierra-Leone that appears, in the light of rice production trends over the last thirty years, as the basin having registered the best performance. This basin currently provides for about 30% of the regional rice supply. These three countries grow respectively 1 million, 0.8 million and 0.3 million hectares per year. If the current trend of production trends continues, the basin represented by Mali, Guinea and

¹ More than two-thirds of imports in Benin are feeding re-exports to Nigeria.

Sierra-Leone will likely become, in the next ten years, the main regional epicentre for the production of this cereal. The third basin formed by Côte-d'Ivoire and Liberia is in decline. This basin has seen its position fall by 9 points between 1980 and 2006. Ghana and Senegal sow respectively 140 and 130 000 hectares on average per year (AFD, 2011).

11. The West African rice economy is dominated by four production systems. According to Rodenburg and AfricaRice, irrigated system which occupies only 15% of acreage contributes up to 38% to the regional² production, with average yields of around 4.19 tonnes per hectare. On the other hand, the mangrove system provides only 16% of production from 13% of the area³. The other two systems, namely rainfed and low-land production systems, cover respectively 34 % and 30% of area planted and provide 21% and 24% of production.
12. The regional production has achieved productivity gains over the past decade, particularly in areas that have received specific support from public authorities (irrigation schemes and lowland management projects). According to the Rice Observatory (OSIRIZ) data, average yields almost quadrupled between 1961 and 2009, rising from 0.4 tonnes to 1.8 tonnes. Peaks of 6 tonnes, even 8 tonnes of yield were recorded in some production areas (e.g., the *Office du Niger* area in Mali and the Senegal Valley). These promising results can be explained in particular by the research efforts driven by AfricaRice and national agricultural research systems: extension of new varieties, including NERICA, infrastructure development and the use of inorganic fertilizers. However, regardless of the production systems considered, productivity gains are still possible⁴.



² This system is relatively well developed in Nigeria and Mali.

³ The mangrove system is mainly developed in Guinea

⁴ The reliability of yields announced by some large irrigation schemes should be improved. The POs consider that these proclaimed yields are often overestimated by public agencies.

13. In terms of competitiveness, studies conducted by the Rice Observatory (OSIRIZ) conclude that “despite the relatively low productivity, production costs in West African countries are comparable to those of the major producing countries in the world”. The average cost of production of a tonne of paddy is estimated at \$220 in Nigeria and Ghana, \$210 in Senegal, \$180 in Mali and \$140 in Benin, against \$130 in Vietnam, \$190 in Thailand, \$225 in the United States, \$300 in Brazil, \$385 in Colombia (AFD, CIRAD, 2011). This suggests there is room for manoeuvres if appropriate policies to promote the rice sector are implemented.

V. Rice policies insufficiently coordinated

14. The development of rice production is one of the constant features of the regional agricultural policies. In the aftermath of independence, almost all countries had relied on large irrigation schemes to boost production of this cereal. Some countries have established specific extension companies or agencies (SAED, in Senegal, ODN au Mali, etc.). Unfortunately, most States have not been able to support the high costs of maintaining these facilities. The results have been mixed, even disappointing. Many schemes have been recycled for the production of vegetable crops with higher value added, such as onion, tomatoes and potatoes (Kano, JIGAWA).
15. The food crisis resulting from soaring food commodity prices in 2008 has placed rice at the heart of food security concerns. This crisis acted as a trigger for the production of rice. Public policies have focused on two main strategies.
16. The first, short-term strategy aimed at ensuring supply and free flow of national markets. All countries have thus removed tax on imports (elimination of customs duties and value added tax) when they opened reference shops and initiated sales at moderate prices, etc.
17. The second strategy was of a more structural nature, targeting an increase in production in the short and medium terms. To that end, incentive policies have been deployed: rehabilitation of irrigation schemes, re-launch of irrigation projects, inputs subsidies, especially fertilizers and improved seeds, credit allocation for the purchase of small equipment and funding of some post-harvest infrastructure. In several countries, the State, through marketing boards, undertook to collect part of the production at administered price and sometimes proceeded to husking rice before selling it at moderate price (e.g., Benin, and Burkina-Faso).
18. If the research component, and the information component to a lesser extent, have benefitted from good coordination through the actions led by AfricaRice, the other critical dimensions of this sector (production and supply of inputs, structuring of different value chains, regulation of the regional market, level of protection at borders within the region, etc.) still suffer from lack of a genuine regional strategy or policy.
19. The processing sector, for example, is plagued with many problems, including choosing processes that enhance the value of the production. At present, one can schematically distinguish two main processing systems: the traditional processing method, in which steaming is performed by women; and the industrial processing method, with mini mills acquired either by producer organizations, NGOs or by the States. In some countries like Ghana and Nigeria, the private sector, through multinationals, is interested in rice processing and establishes medium-sized industrial processing units. The operation of such units suffers from the weak partnership existing between producers (via their organizations) and private processing companies, including low contractual relations between the two actors.

VI. A sector enjoying a sustained commitment by regional and international actors

20. The rice sector has become, over the past decade, the framework for the expression of the regional actors' will to address food insecurity more effectively and sustainably. Under cover of presidential initiatives or national strategies, all States have set for themselves the objective of achieving rice self-sufficiency, by 2015 for some of them and 2020 for others. In this regard, Nigeria plans to produce 12 million tonnes in 2020; Mali, to become a net rice exporter; Guinea to produce over 2.5 million tonnes in 2015; Senegal over 1.5 million and Benin, 600.000 tonnes.
21. Institutions of regional integration (UEMOA and ECOWAS) have made rice one of the strategic sectors of their agricultural policies. They recently deployed strategies to boost production of this cereal (establishment of multi-stakeholder consultative frameworks, intensification policy instruments, etc.). The actions of both institutions should be coordinated to avoid duplication.
22. Research institutions, including CORAF/WECARD and especially AfricaRice, have developed strategic plans. These institutions support national agricultural research systems for the production and introduction of new varieties better adapted to different West African ecosystems, taking into account in particular the effects of climate change and variability.
23. The technical and financial partners, including FAO/APRAO, the European Union and Japanese Cooperation. The European Union's intervention, as part of the implementation of the food facilities, contributed significantly to expanding production bases. It has broadened the spectrum of stakeholders in the value chain: emergence of small-sized implementing agencies and dynamic farmer organizations. But, its very ad hoc nature poses threats to the sustainability of these results. The Japanese Cooperation is strongly committed to promoting rice production. It finances several programmes including a programme on the implementation of an information system on a continental scale.
24. The rice sector is subject to special attention from West African farmers' organizations that make it the workhorse of their two major demands, namely food sovereignty and the promotion of the regional market; they consider that the achievement of these two objectives requires a rice production policy that allows making the best of the region's potential (modernization of family farms and protection of the regional market). ROPPA has a Regional Consultation Framework of Rice growing Organizations to better take into account the specificities of this sector within the network. It includes specialized organizations from 12 countries.

VII. Assets and constraints of West African rice production

• Assets and potential

25. The West African agricultural sector has a lot of potential and assets that the regional rice production can use to promote its development. Such potentialities include: (i) a wide range of ecosystems to implement several cropping systems (rainfed, irrigated, mangrove and lowland farming) (ii) the availability of about 10 million hectares of irrigable land, of which less than 15% are now developed. To this must be added groundwater resources whose development can help boost rice production.
26. The assets include (i) existence of expertise within many West African socio-cultural groups, (ii) research institutions that have developed crop varieties and farming techniques that allow making productivity gains in areas where they have been widely popularized, (iii) a buoyant market (remunerative prices and a demand which is satisfied at 60% by regional production).

- **Constraints**

27. Rice farming, like the entire West African agricultural sector, is facing many challenges that limit its performance: improving the farming system productivity and competitiveness of milled products on regional markets.

- a. Access to inputs, including improved seeds, specific fertilizers and small equipment. Problems arise in terms of availability and access condition. Despite the efforts of research, access to good quality seeds and specific fertilizers is still difficult for farmers, especially for those who are not organized within grassroots farmers' organizations (Village Associations or Cooperatives).
- b. Adaptation to climate change depends on both variety material and level of water control. Only 15% of area planted with rice has relative good water control.
- c. Insufficient promotion of regional production. Despite efforts in the field of processing, the local rice market is still dominated, in many countries, by unselected products, out of step with the increasingly sharp segmentation of the demand.

VIII. Challenges and issues of West African rice production

28. The major challenge for West Africa is increasing regional rice production significantly and sustainably, to meet a growing demand. By 2020, the demand for rice for the entire West Africa population will range between 21 and 24.5 million⁵ tonnes. In the current context, to avoid increasing dependence on imports from outside Africa would therefore require an increase in production of about 3 million tonnes per year, by 2020. Such a challenge raises a series of questions:

- What rice cropping and production systems to promote to achieve this goal? In other words, what productivity improvement patterns are sustainable and competitive with Asian rice farming systems? The question must be put into perspective with the real potential of the region, a potential whose exploitation should be considered taking into account environmental, climate change and variability issues. Currently, the bulk of investment is devoted to large-scale irrigation schemes that provide only 38 % of the supply over 15 % of planted area;
- How to reconcile, in the medium and long terms, the lack of security of the regional market (low protection, tax exemption on imports) with a clear strategy to boost the regional production in a sustained and sustainable manner?
- What kinds of incentives to promote in terms of policy instruments, production factors, finance, research and agricultural extension services, and coordination, to support ongoing initiatives at both national and regional levels?
- How to improve fluidity of the regional market of community rice, in terms of promotion of value chains (taking into account the segmentation of the demand), implementation of regulation/regulatory instruments?

IX. Orientations of the regional offensive for sustainable rice production in West Africa

⁵ In the event (very likely) that the current consumption trend continues, each of the 350 million potential consumers will need between 60 and 70 kg per year, i.e., between 21 million and 24.5 million tonnes of rice.

29. The aim of the **regional offensive for a sustainable rice production in West Africa** is to support all regional initiatives and strategies for the development of this sector to modernize production systems, improve rural incomes, reduce food dependency of ECOWAS Member States and thus contribute significantly to the achievement of the regional food sovereignty. It is part of the overall approach to accelerate the ECOWAP/CAADP implementation, and its Regional Agricultural Investment Plan. Like the RAIP, the offensive:

- a. Combines investment and public policy reforms (instruments and measures). It addresses the regional dimensions, manages interdependence between and amongst countries and organizes their cooperation on common issues. It does not replace plans and programmes driven by the States, inter-governmental Organizations and producers' organizations;
- b. Seeks to provide answers to the major obstacles on the path of growth in rice production, while addressing the global environmental issues of the rice economy, particularly issues of production, processing and marketing;
- c. Is built from the perspective of achieving significant and measurable results by the end of the RAIP, i.e., in 2015.

X. Three potential areas of intervention

Area 1 : Intensifying production

30. This line of action aims at improving regional rice productivity. It seeks to exploit the real potential of the sector, through the ecosystems and production systems carrying productivity gains to contribute significantly to increase production, in the short and medium terms. This involves:

- a. Strengthening and revitalizing research on varieties adapted to climate change and variability;
- b. Disseminating innovative technologies adapted to different agro-ecological zones and ecosystems in the region: dissemination of good practices for small and large scale irrigation, strengthening of agricultural extension services;
- c. Facilitating access to inputs (fertilizers, improved seeds, herbicides) and other production factors (agricultural equipment, innovative technologies) to small producers;
- d. Supporting the structural organization of actors (producers, seed producers, distributors of fertilizers);
- e. Developing post-harvest facilities (drying areas) and warehouses.

Area 2: Enhancing the value of production

31. This line of action aims at improving competitiveness of the local rice in the regional market. It focuses on a series of actions to: (i) promote innovative technologies for processing, (ii) improve traceability of the product through adoption of incentive methods for wrapping and packaging. These actions must contribute to promote "rice" of the country label or production areas (geographical indications) or more generally "*Appellations d'Origine Contrôlées*: AOC" (Controlled Designations of Origin).

- a. Identification of the state and needs for capacity building of actors in new rice value chains: artisanal, semi-industrial and industrial rice processors;
- b. Support the capitalization and dissemination of appropriate processing technologies;
- c. Support contractualization between rice processors and producers/APO (promotion of private sector/APO partnership);
- d. Sensitization and training of actors to respect the rules, principles, storage standards, packaging, licensing, control of weights and measurements of cereals.

Area 3: Promoting an enabling environment for rice production in the region

- 32.** This line of action is to create the basic conditions for the development of regional rice growing (establishment of a functional and efficient information system, appropriate instruments for market regulation, building the capacities of regional institutions and actors). Thus, the offensive will strive to:
- a. Promote a rice information and decision-support system. This system should allow to have reliable information on both the regional production and major trends of the regional and international market: level of stocks, prices, etc;
 - b. Facilitate the emergence of a multi-stakeholder consultation framework (POs, Industrialists, traders, financial institutions) to promote a regional rice stock exchange;
 - c. Support the establishment of commercial infrastructures in the major production areas and in leading markets;
 - d. Contribute to the improvement of the regulatory environment of the rice market (monitoring of the effects of the customs union on the regional market, advocacy with countries to remove technical obstacles to the movement of rice).

XI. Implementation strategy

- 33.** The implementation of the offensive is based on the ECOWAP/CAADP operationalization approach and process.
- a. The political leadership falls within the jurisdiction of the ECOWAS Department of Agriculture, Environment and Water Resources.
 - b. The execution will be provided by the Regional Food and Agriculture Agency which will rely on specialized institutions of the region (AfricaRice, CILSS, HUB RURAL, IFDC, ROPPA and its Regional Consultation Framework, etc.).
 - c. Financing will be provided by the Regional Food and Agriculture Fund and any other external resources not yet channelled through this institution.
- 34.** The offensive will be implemented following a participatory and inclusive approach involving the States, regional players (IGOs, Agencies, POs) and TFPs. This approach will help maintain consistency between the offensive for the development of rice production and the NAIP and RAIP on the one hand, and between the offensive and specific initiatives driven either by the States, or institutions and agencies operating in West Africa on the other hand. To that end, its operationalization will go through the following steps :
- i. Preparation of the strategic policy note on the offensive, in August 2012;
 - ii. Sharing the note with ROPPA's Regional Consultative Framework and the Working Group set up by AfricaRice to define a regional strategy for the development of the rice sector in West Africa, in early September;

- iii. Presentation of the strategic policy note of the offensive to Ministers of Agriculture of ECOWAS Member countries, in September 2012;
- iv. Setting up a regional Task Force to lead the technical and financial detailed feasibility study, in October-December 2012. The detailed study will make a technical and financial proposal for: (i) interventions that are strictly of the regional level; (ii) accompanying measures to the national level for a smooth and effective implementation of national strategies to boost the agricultural sector. The study will propose a funding mechanism based primarily on endogenous resources;
- v. Ministerial validation of the technical and financial feasibility study, in February 2013;
- vi. Organization of a Business Meeting for financing the regional offensive for sustainable rice production in West Africa, in April 2013.