



# Promoting the private sector in mechanization

TOKIDA, Kunihiro, JICA, Uganda

Kaz Fujiwara, CARD Secretariat

JF Rickman IRRI, Mozambique

# CARD SC5

- Freetown, Sierra Leone -February 2011
- Request to address public private relationship especially with regard to mechanization

# Workshop -Boosting agricultural mechanization in rice-based systems in sub-Saharan Africa

- GRISP workshop, Saint Louis, Senegal -June 2011
- 47 participants from 7 countries, machinery manufacturers and dealerships, credit suppliers, international companies, AfricaRice, IRRI, JICA, CARD, CIRAD
- “Develop a road map for mechanization in SSA”

# Recommendations-Senegal

- Need a survey import taxes and duties in different countries
- Review Government policies and lobby where necessary
- Develop or link up with credit suppliers
- Import and/or manufacture local equipment and spare parts that can withstand the local conditions
- Encourage international equipment suppliers to develop direct linkages with and support local dealerships
- Thoroughly test imported equipment before release
- Support local vocational training colleges
- Support local manufacturers and fabricators -business training, demonstration of equipment and blue prints
- Undertake south- south collaboration

# CARD/JICA Government Survey

- Survey 13 countries - August 2011
- Government policies toward mechanization
  - Taxes and tariffs,
  - Subsidies,
  - Credit availability
  - Training institutes
- Developed by CARD, JICA, AfricaRice, IRRI collected through JICA country offices

# JICA Private Sector Survey

- Survey 5 countries – August 2011
- More than 81 private manufacturers and dealers
- Understand the business and enabling environment needed to promote private sector development

# JICA Workshop on Agricultural Machinery

- Tsukuba, Japan- September 2011
- 16 NRDS focal persons for 1 week
- “Understanding the Enabling Environment for Public private partnerships in SSA “
  - Government commitment-policy and strategy
  - Reducing business risks-protection of investors, tariff reductions, cost reduction
  - Create mechanization demand-protection customers, financial support purchase subsidies

# Outcome- Tsukuba workshop

“Develop a checklist for Agricultural Engineering Sector”

- Actors in supply chain
- Understanding what they have to do
- What enabling environment they need to do business
- Enabling environment that government can provide



# Agricultural Mechanization Stakeholders (Private Sectors)

Actors on value chain	Check list (enabling environment, capacity etc.)
International manufactures	Warranty on exported machinery, Quality assurance, Assurance of supplying spare parts
Importing agents	Adequate stocks for immediate delivery, Local assembling
Domestic manufactures	Quality control and warranty of products,
Dealers	Repair and maintenance imported machines, stocks of standard spare parts, Operator instruction, In-house credit
Local workshops	Periodical and preventive maintenance,
Financiers	Low interest credit, Long repayment period,
Custom hiring providers	Information network, Access by farmers, High rate of operation,
Milling service providers	Accessible location, High rate of operation
Machine operators	Farming experience, Daily inspection
Small scale farmers	Farmer organization, saving & credit, collective shipment,
Animal draught power	Veterinary service, Skilled trainers,

# Private-Public-Partnership (PPP)

## Role of Government

Actors on supply chain	Check list - what they have to do (related to capacity needs)
Ministry of Trade (MOT)	Import tariff exemption for agricultural machinery, spare parts and raw materials, Tax reduction on importers, Distribution network for spare parts
Ministry of Industry (MOI)	Engineering standard, Quality control, Training on technicians, SME promotion on agricultural machinery,
Ministry of Commerce (MOC)	Rice quality standard, Rice miller association, SME promotion on agricultural machinery
Ministry of Agriculture (MOA)	Policy & strategy on agricultural mechanization, Agricultural mechanization promotion act, Statistical data on agricultural machinery, Agricultural credit, Farmer organization, Agricultural input subsidies, Extension services, Operator training
Agricultural machinery R&D institute	Safety Inspection, Test & evaluation, Certification, Training for local artisans
Universities	Qualified agricultural engineers

# Checklist (Example)

Actors on supply chain	Check list - what they have to do	Check list –enabling environment needed	Check list – enabling environment that government can provide
<b>International makers</b>	<ul style="list-style-type: none"> <li>• Quality assurance, including warranty on exported machinery</li> <li>• Reliable supply of spare parts</li> </ul>	<ul style="list-style-type: none"> <li>• Large market scale</li> <li>• Reliable dealerships</li> </ul>	<ul style="list-style-type: none"> <li>• Policy &amp; strategy on agricultural mechanization (MOA)</li> <li>• Test &amp; evaluation, safety inspection and certification of quality of machinery (MOA)</li> <li>• Tax incentives such as reduced import tariffs for machinery and spare parts (MOT)</li> </ul>
<b>Importing agents</b>	<ul style="list-style-type: none"> <li>• Adequate stocks for immediate delivery</li> <li>• Local assembling</li> </ul>	<ul style="list-style-type: none"> <li>• Quick issue of L/C</li> <li>• Short entry</li> </ul>	<ul style="list-style-type: none"> <li>• Tax incentives (MOT)</li> <li>• Short entry (MOT)</li> </ul>
<b>Dealers</b>	<ul style="list-style-type: none"> <li>• Repair and maintenance of imported machines</li> <li>• Stocks of standard spare parts</li> <li>• Operator training</li> <li>• In-house credit</li> </ul>	<ul style="list-style-type: none"> <li>• Two step loans, Soft loans</li> <li>• Large scale market</li> </ul>	<ul style="list-style-type: none"> <li>• Soft loans (MOI, MOF)</li> <li>• Mechanization promotion (MOA)</li> </ul>

# Agribusiness Forum

- Side event organized by CARD, FARA
- Engaging the private Sector for Agri-Food Growth in South Africa-October 2011
- The “Checklist for Agricultural Engineering Sector” developed by JICA was presented by CARD for comment

# CARD 4<sup>th</sup> General Meeting Seminar

- “Promoting Agricultural mechanization in SSA”-  
Uganda- November 2011
  1. Increasing rice production in SSA through mechanization
  2. Action taken by CARD steering Committee members
  3. Private sector development and roles of public sector

# CARD Next steps

- Develop South – South business relationship to support the development of a sustainable farm mechanization industry in rice in SSA
- Invite multi-national farm equipment manufacturers and suppliers to next CARD SC and General Meeting
- Help agricultural machinery sector develop business plans (small manufacturers, dealers, service providers, and farmers)

# COUNTRY RECOMMENDATIONS

with regard to the next steps

# Outcome/recommendation-Uganda

## Outcomes

1. Contents of enabling environment to promote agricultural mechanization established
2. Each country work on action plans to materialize enabling environment

## Recommendations to GM4

- Each country starts actions on promotion of agricultural mechanization as PPP
- CARD secretariat assists action plan formation for agricultural mechanization as a part of NRDS implementation process