

**Collaboration between Government,
Cooperative Associations
and Private Enterprises
- The Case of Rice Cropping in Japan -**

Tokyo University of Agriculture
Keishiro Itagaki

Development of Rice Cropping and the Importance of Collaboration between Government, Cooperative Associations and Private Enterprises

● Rice Cropping in Japan

1. The core food crop for Japanese agriculture

→ A primary and stable source of income for farmers

2. The staple crop for Japanese people

→ Extremely important in terms of food security

3. The crop most suited to conditions and climate in Japan

→ Suitable crop for optimum use of resources and environmental conservation

☞ In these respects, rice cropping has occupied an important position.

● Importance of Collaboration between Government, Cooperative Associations and Private Enterprises

- ☞ In order to develop rice cropping, it was essential to promote technology development and extension, construct infrastructure, provide operating funds and educate farmers under **government** initiative.
- ☞ Meanwhile, as the receptacle for government-led programs, it became necessary to form **farmers' organizations** (agricultural cooperatives, etc.).

☞ Value chains built by **cooperatives and private enterprises** were lined up with the objectives of propagating and distributing seeds, ensuring the stable supply of agricultural assets such as compost, agricultural chemicals and farm machinery, and retailing rice.

Within the supporting external environment provided by close collaboration between government, agricultural cooperatives and private enterprises, rice farmers on the ground have achieved growth.

Rice farmers receive various assistance from outside.

- Assistance in the form of development and extension of technology
 - ① Development of improved varieties, production and distribution of seeds
 - ② Supply of agriculture input assets and installation of machinery and facilities
 - ③ Technology for weeding and control of harmful pests
 - ④ Technology for improvement of soil fertility
 - ⑤ Post-harvest processing on the farm level (threshing, drying, proper storage of rice husks, etc.)
 - ⑥ Utilization of rice byproducts

● Assistance in the form of infrastructure construction

- ① Repair and new installation of irrigation and drainage facilities
- ② Re-demarcation and standardization of paddy fields and adding of soil
- ③ Restoration of obsolete fields and drying of wet fields
- ④ Construction of access roads
- ⑤ Installation of facilities such as machine stores, shared seedling nurseries, shared drying facilities and storage facilities, etc.

● Assistance in the form of provision of farm operating funds

- ① Provision of long-term low-interest loans, and adoption of revolving repayments
- ② Development of various credit supply systems and improvement of access to the credit market
- ③ Provision of “mutual aid” crop insurance programs

● Assistance in the form of education for farmers

- ① Make it easier to receive new knowledge and technologies.
- ② Help farmers build the capacity to discover issues and devise solutions by themselves.
- ③ Improve the capacity to receive and convey information.
- ④ Give farmers the ability to communicate with each other.

● Assistance in the form of formation of farmers' organizations

- ① Formation of organizations while considering social and cultural conditions
- ② Formation of organizations that enable merits (economic functions) to be visualized
- ③ Proposal of “mechanisms” for vitalizing organizations
- ④ Linking and networking of diverse organizations

● Assistance in the form of value chain construction

- ① Provision of market information
- ② Initiatives geared to improving quality
- ③ Guidance on post-harvest treatment
- ④ Establishment of production areas and brands (branding)
- ⑤ Promotion of consumption via advertising
- ⑥ Strategy for differentiating products citing “safety” and so on
- ⑦ Utilization of certification systems like GAP and JAS
- ⑧ Registration and certification of new improved varieties
- ⑨ Capacity building of human resources involved with the value chain
- ⑩ Provision of economic incentives to farmers

External Assistance from Whom?

- Assistance in the form of development and extension of technology
 - **Government** (central government and prefectural agricultural testing centers)
 - Local governments** (extension advisors)
 - Private enterprises (seed companies, etc.)
- Assistance in the form of infrastructure construction
 - **Government** (central government, prefectural and local governments)

- Assistance in the form of provision of farm operating funds

- Government (central government, prefectural and local governments)

- Agricultural cooperatives

- Private enterprises

- Assistance in the form of education for farmers

- **Government** (agricultural training agencies established by central government, prefectural and local governments, etc.)

- Agricultural cooperatives (farming guidance, etc.)

- Assistance in the form of formation of farmers' organizations

- Government (central government, prefectural and local governments, etc.)

- Agricultural cooperatives**

- Private enterprises (contracts with producers)

- Assistance in the form of value chain construction

- **Private enterprises**

- Agricultural cooperatives

Development and extension of technology

Infrastructure construction

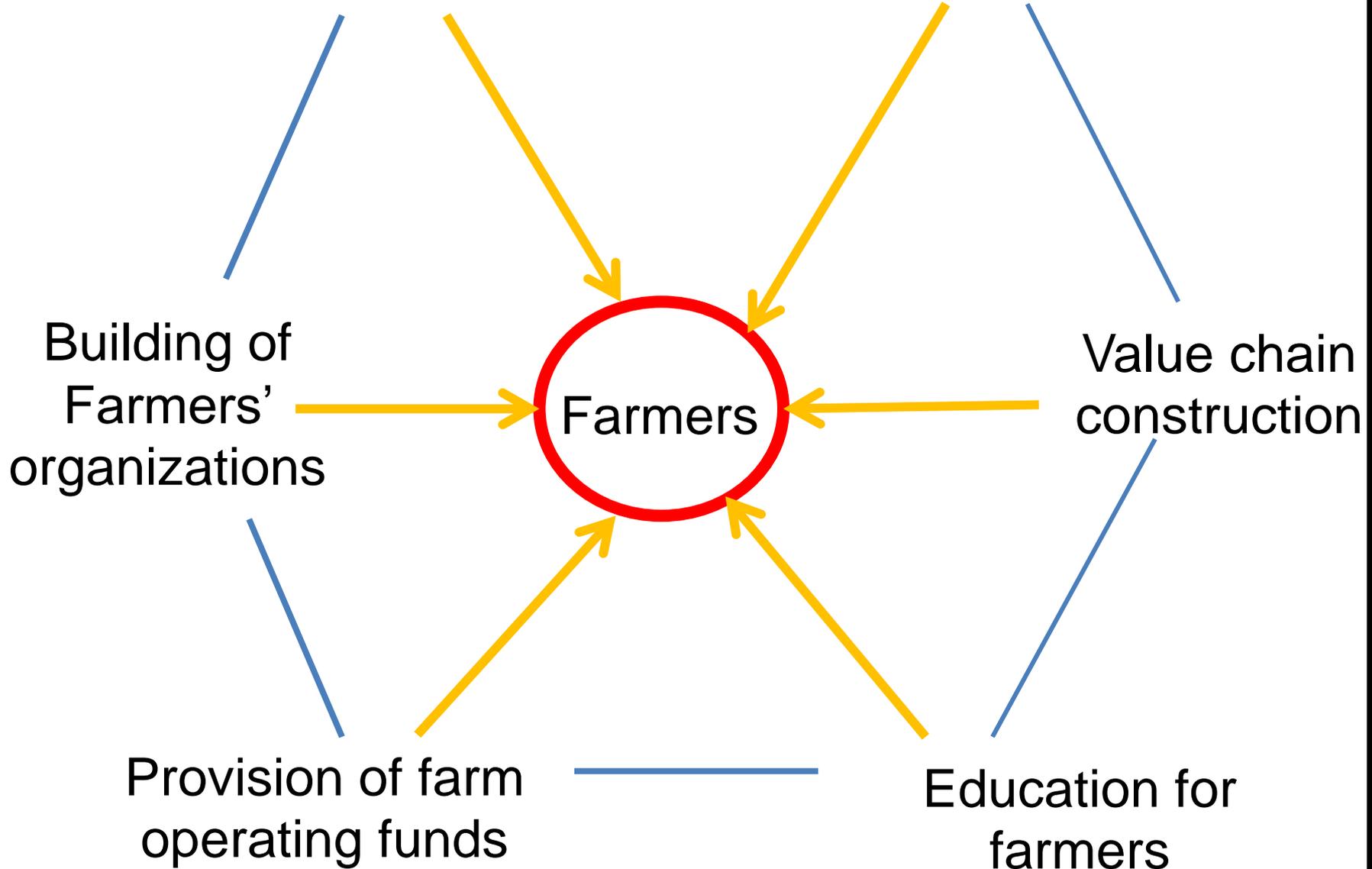
Building of Farmers' organizations

Value chain construction

Farmers

Provision of farm operating funds

Education for farmers



How can farmers link external assistance to their reality?

● The goal is to produce saleable rice

- Yield and quality (gross income) → Receiving high prices
- Low cost → Saving on resources
- $(\text{High price} \times \text{yield}) - (\text{Low cost}) = \text{High income}$

● Component elements of external assistance services

- ☛ Yield and quality ... Technology development and extension (excellent varieties)
Infrastructure construction (irrigation, etc.)
- ☛ High price ... Value chain construction (branding)
- ☛ Low cost ... Farmers' organizations (joint purchase of input assets, joint use of machinery and facilities), technology development and extension
- ☛ High income ... Education for farmers (improvement of management capacity)

● Cost of external assistance services

- Basically adopt the benefit principle
- Government provides subsidies

● Sustainability of external assistance services

- Large financial burden
 - Downsizing of services
(Personnel, budget, organization, etc.)
 - Increased fees on beneficiaries
- Transfer from government and agricultural cooperatives to private enterprises
- Transition of assistance services to the market economy system

Collaboration between Government, Cooperative Associations and Private Enterprises

- ◆ Approach to collaboration (example I)
 - ▶ New varieties are developed in a test center and they are introduced to stakeholders through extension advisors.
 - ▶ Preparation of extension manuals for farmers by extension advisors, local government agricultural engineers and farm advisors in agricultural cooperatives
 - ▶ Propagation and distribution of seeds by private enterprises, and supply of agricultural input assets and machinery in cooperation with agricultural cooperatives

◆ Approach to collaboration (example II)

- ▶ Indication of issues in cultivation from farmers
 - ▶ The contents of issues are clarified in discussions with extension advisors, local government agricultural engineers and farm advisors in agricultural cooperatives
 - ▶ Extension advisors request test centers to perform consultation for resolving issues
 - ▶ Test centers indicate the methods for resolving issues and convey them to farmers via the extension advisors
 - ▶ The necessary equipment and materials for resolving issues are purchased via agricultural cooperatives or private enterprises

◆ Approach to collaboration (example III)

- ▶ Farmers wish to purchase machinery and facilities
 - ▶ They borrow credit from the agricultural cooperatives on a long-term low-interest loan
 - ▶ They purchase machinery and facilities from private enterprises
 - ▶ The private enterprises offer explanations on how to use the machinery and facilities and conduct after-sale service such as parts replacement and repairs of facilities, etc.

◆ Approach to collaboration (example IV)

- ▶ Farmers' groups jointly purchase machinery and facilities
 - ▶ Provision of credit and technical guidance by agricultural cooperatives
 - ▶ Private enterprises conduct after-sale service such as parts replacement and repairs of facilities, etc.

◆ Approach to collaboration (example V)

- ▶ Establishment of irrigation and drainage facilities by government
- ▶ Borrowing of credit by farmers in line with the benefit principle (agricultural cooperatives, private enterprises, etc.)
- ▶ Organization of irrigation associations for managing water (local governments, agricultural cooperatives, etc.)

◆ Approach to collaboration (example VI)

- ▶ Retailing of high quality rice by farmers (with partial involvement by agricultural cooperatives)
- ▶ Utilization of value chain via private enterprises (provision of information, advertising, expansion of sales channels, provision of credit)

Conditions for Collaboration between Government, Agricultural Cooperatives and Private Enterprises

1. Maintenance of trust relations based on mutual exchange of information
2. Provision of public services based on the idea of “nurturing” farmers
3. Fair and transparent allocation of profits generated through the value chain corresponding to the provision of functions
4. Sharing of “information, knowledge and wisdom” through human networks
5. Nurturing of public opinion discussing the approach to rice cropping

Future of Collaboration between Government, Cooperative Associations and Private Enterprises

- ◆ Many diverse government functions are being transferred to the private sector.
- ◆ The economic functions of agricultural cooperatives will also become subject to market competition on the same plane as private enterprises.
- ◆ Various services offered to farmers from the outside will be optional based on autonomous judgment by the farmers following screening by the market mechanism.
- ◆ Government affairs will become condensed into the supply of public assets and services that cannot be provided by private enterprises and policies such as income compensation and environmental conservation, etc.

Hints for Sub-Saharan Africa (I)

- According to differences in the importance of rice and cultivation environment (irrigated paddy fields, natural wetlands, rain-irrigated fields) and so on, the method and approach of collaboration will differ.
- The order of priority regarding investment in external assistance services differs greatly between countries.
- Since expansion of rice depends more on higher yields rather than greater cropping area, it is necessary to offer technical packages of varieties, irrigation and fertilizer (Green Revolution in Africa).
- The order of priority for investment in post-harvest treatment is high in order to keep losses to a minimum.

Hints for Sub-Saharan Africa (II)

- Improve the capacity of policy planners, technology researchers (especially variety breeders), extension advisors and agricultural leaders, etc.
- Clarify the SWOT between stakeholders concerned with the value chain, and build an effective strategy for realizing increased production and appropriate allocation of rice and fair distribution of profits over the entire value chain.
- Establish rice cultivation technology and crop rotation with other crops in consideration of ecosystems.
- Effectively incorporate active economic initiatives into the value chain via the market retailing of private enterprises.

Conclusion

- ◆ Development of rice cropping in Sub-Saharan Africa (CARD member countries) cannot be achieved without collaboration between governments, cooperative associations and private enterprises.
- ◆ This is predicated on capacity building of governments, cooperative associations and private enterprises and construction of flexible value chain systems.
- ◆ Assistance for realizing development of rice cropping via collaboration of governments, cooperative associations and private enterprises should be prioritized corresponding to local ecological cultivation characteristics and socioeconomic conditions.
- ◆ As for the desirable approach to collaboration, co-creation should be conducted based on discussions with CARD and CAADP, etc.