

**REPUBLIC OF CÔTE D'IVOIRE**

*Union-Discipline-Work*



**MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT**

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**NATIONAL RICE DEVELOPMENT OFFICE**



**PROMOTION OF PRIVATE SECTOR INVESTMENT IN  
IVOIRIAN RICE FARMING**

**Presented by:**

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# OUTLINE

## General information of Côte d'Ivoire

- Agriculture
- Rice sector

## Government vision for the development of the rice sector

- Incentive policy
- Private sector promotion

## Promotion of private sector involvement in the rice sector

- Short Summary
- Results

## Impacts and Key success factors

- Impacts
- Key success factors

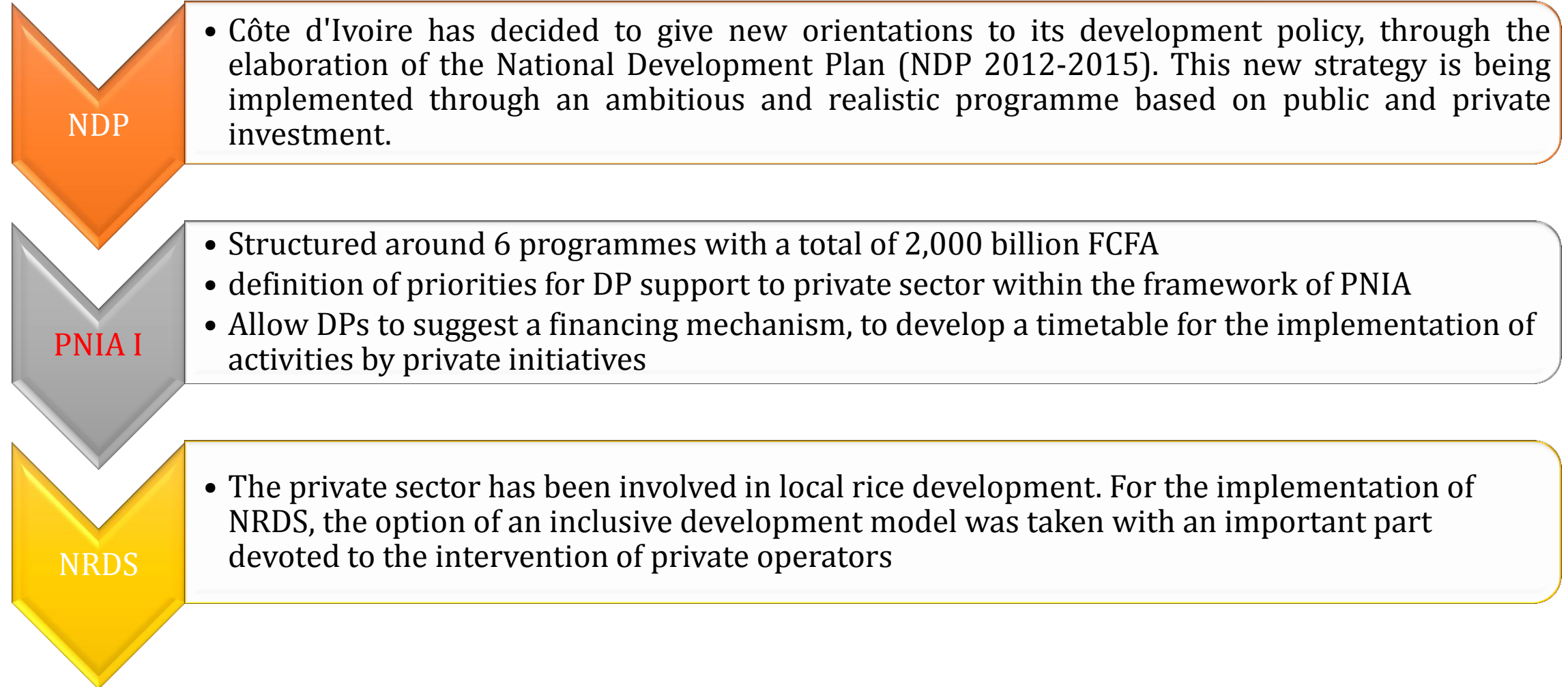
## ➤ Agricultural Sector

- Strategic element of Côte d'Ivoire's economic development since its independence
- 9.5 million ha cultivated out of 24 million ha of arable land
- quite diversified agriculture (food crops, cash crops, industrial crops)
- provides more than 2/3 of employment
- accounts for 24% of the Gross Domestic Product (GDP)
- ensures nearly 70% of export earnings, making the country one of the main producers of agricultural raw materials (coffee, cocoa, oil palm, rubber, cashew nuts, etc.) in the world.
- the government of Côte d'Ivoire has established support services for agricultural production and productivity in many sectors;
- the government of Côte d'Ivoire recognizes that agricultural growth is the key in fighting against poverty and achieving food security.

## ➤ Rice sector

- Rice accounts for 57% of cereal-grown areas
- Rice provides 26% of the country's total food production
- occupying 4% of the total cultivated area
- contributes to about 17% of total agricultural employment
- Rice has become the main food for almost all the populations living in Côte d'Ivoire with 6% of an annual growth rate in consumption and an average consumption per capita of about 70 kg/year. (INS, 2014)
- Because of its contribution to food security and its impact on the household economy, rice farming has become highly strategic in Côte d'Ivoire and in the subregion

## ➤ Development Policy



## ➤ Actions to promote the private sector

Clarifying the land tenure with the implementation of the Land Law for the delimitation and securing of land (agency creation)

Adoption of the Agricultural Orientation Act for the structuring and professionalization of stakeholders

Adoption of new code for investment incentive for SMEs and large enterprises

Investments in economic infrastructure

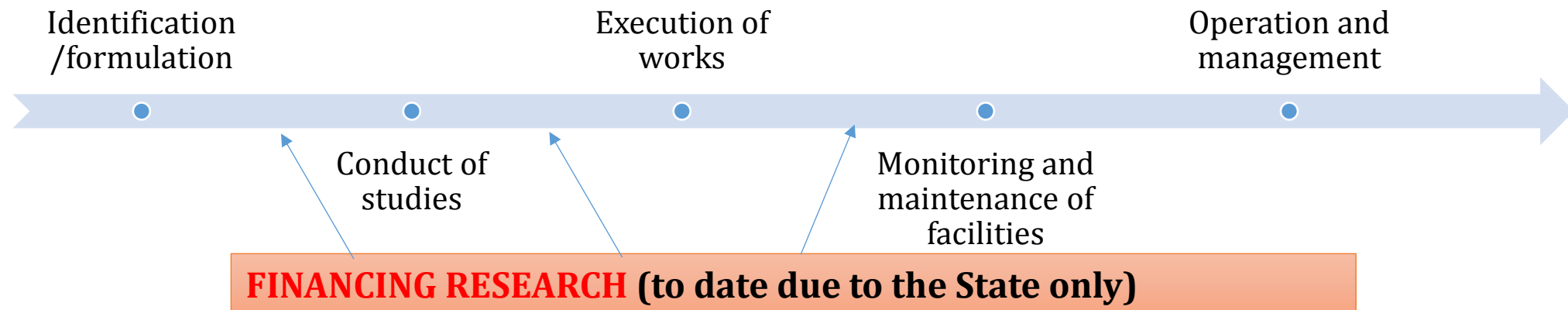
**Farming**

### Rice Cultivation

- NRDS, market-oriented
- A structure dedicated and adapted to cover the whole rice sector that accompanies private operators
- Introduction of the private sector in: input supply, management of production basin, water and mechanisation
- Contractualisation of the relations between the stakeholders of the value chain (platforms)
- Organization of stakeholders in the sector
- Establishment of an inclusive platform of stakeholders for the investment promotion in the sector

## A. Infrastructure and irrigation: Context 1/2

- Out of 636 water retention facilities for all uses, 362 are for agricultural purpose. Of these 362, 184 can be categorized as water reservoirs (dams) and 178 other hydraulic facilities intended exclusively for agriculture. (EPDI, 2003)
- 3 types of facilities (simple diversion from the watercourse, dam, pumping)
- Implementation of the development work:

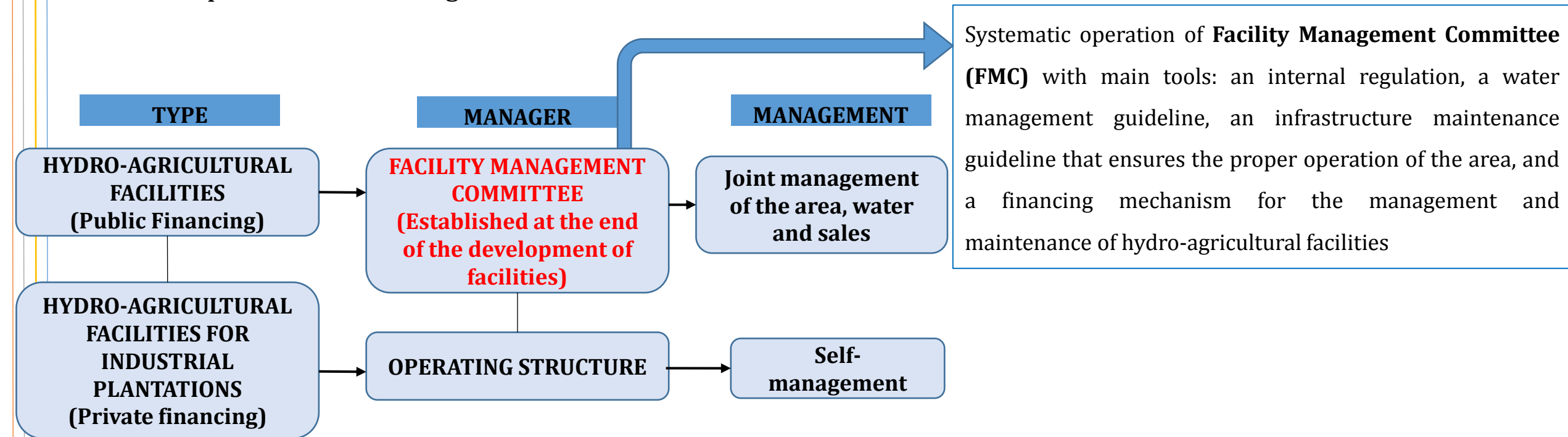


Most of the private sector's intervention is reflected in the establishment of **facility management committees** that ensure the proper operation and management of infrastructure

## A. Infrastructures and irrigation: Description

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➤ Operation and management



**ROLE:**

FMC, essentially composed of private sector actors (rice farmers and their employees or contractors), is responsible for management of the production factors (water, farm inputs, agricultural machinery) and infrastructure of the area.

To do this, it ensures the application of a water policy concerning preventive maintenance and corrective interventions in the irrigation schemes and facilities.



# Composition of Facility Management Committee (FMC) 3/12

People in charge	Roles	Objectives to be achieved	Actions to be carried out
<b>Chairman</b>	Ensure the enforcement of internal regulations in the irrigation scheme	Efficient and equitable management of the "water" resource; A good level of the irrigation scheme maintenance	Direct the General Assembly and the Disciplinary Councils and enforce all decisions made by them; Schedule maintenance work; Co-sign cash disbursements.
<b>secretary</b>	Assist the Chairman in their work	Good management of water resources by farmers ; A good level of the irrigation scheme maintenance	Inform rice farmers about maintenance work
<b>treasurer</b>	Ensure the financial management of the irrigation scheme	Ensure a good assessment of the quotation of work from technicians Ensure that contributions are respected	Ensure a good assessment of the quotation of work ; Ensure the transfer of funds
<b>statutory auditors' funds</b>	Control the financial management of the irrigation scheme	Establish a transparent financial management of the irrigation scheme	Check cash inflows and outflows; Verify the accuracy of accounting documents
<b>responsible for the gate, pump or PFE</b>	Ensure water management of the irrigation scheme	Realize the fair distribution of water	Sustain fair distribution of water; Check the flow at the outlet of the water gates, the duration of irrigation and the height of the inlets in the canal; Organize meetings for the adoption of the irrigation program
<b>Head of the irrigation unit</b>	Head of water management at the irrigation unit; Head of maintenance at the level of each irrigation unit	Ensure water supply; Supervise maintenance works	Report to FMC any discrepancies in the supply of water for production units; Allocate required water level at inlets; Close the UP's valve after irrigation and check its tightness Ensure the free passage of water in the downstream canals;
<b>Rice farmers</b>	Cultivation in their plots	Good hydraulic management of its plot and the whole scheme Good level of maintenance of its plot and the scheme Good harvest in their plots	Ensure the maintenance of their plot and scheme; Avoid any waste of water; Learn about the irrigation schedule adopted and respect it

## B. Mechanization: Context 1/2

- Provision of agricultural equipment (300 tillers, 150 threshing machines, 17 combine harvesters, 6 mowers) to individual producers and professional agricultural organizations (90% of cases). However, the level of mechanization coverage remained low (less than 5%). Moreover, the sustainability aspects of access to mechanization services were not guaranteed.
- The ONDR needs to improve its approach through the effectiveness of the quality mechanization services, the optimization of the operation and professional management of agricultural equipment in accordance with the guidelines of the National Strategy for the Development of Agricultural Mechanization (currently being implemented).
  - ➔ Promoting small and medium-scale agricultural enterprises (SMAEs) in the provision of mechanization services
- Definition of SMAE : Agricultural enterprises whose main mission is to provide mechanization services ranging from land preparation to collection and transport of products to processing sites.

## B. Mechanization: Description

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### ► Operatinon procedure

#### Setting up the regulatory framework

- Criteria for selecting SMAEs to be approved (Administrative and technical organisation, organizational status, human resources, existence of service contracts)
- Approval issued to SMAEs through signing on the agreement

#### Implementation of accompanying measures for SMAEs

- Support for agricultural equipment to approved SMAEs in accordance with the agreement signed
- Capacity Building for SMAEs
- Putting SMAEs in contact with financial institutions/Institutions/Suppliers

#### Supervision of services to guarantee profitability

- Invoicing of services is defined on the basis of machine operating costs and the operator's margin, which must vary between 10 and 30%
- Monitoring to ensure the level of application of the terms of the contract and guarantee the effectiveness of services for beneficiaries.

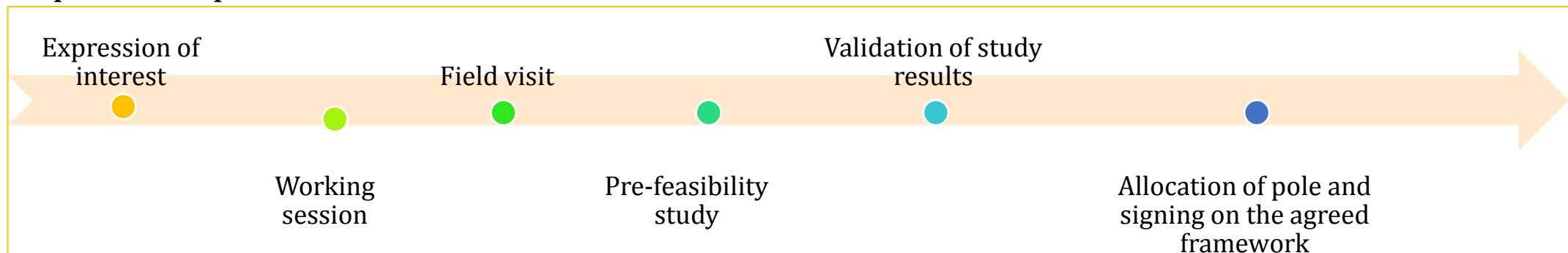
### **C. Development of Rice Processing and Marketing: Context**

The two NRDS strategic components implemented within the framework of location-based model are; rice development pole, and grouping of these poles into rice growing zones.

- ▶ The concept is to divide the country into 10 production basins or Rice Development Poles with production potential of at least 200,000 tons of milled rice per year
- ▶ Each pole is under the responsibility of a major national or international operator (pole leader) with sufficient financial capacity and long experience in the rice value chain. Each pole leader is responsible for managing financial and material flows.
- ▶ Permission for exclusive business operation is granted, limited though, to each operator in order to ensure minimum return from their investments
- ▶ The allocation of a pole to operators is determined by the procedures to meet the NRDS requirements and to secure the return from the operators' investments.

## C. Development of Rice Processing and Marketing: Context

- This model assumes the implementation of certain activities to be entrusted to private companies, according to the determined legal and contractual framework. But this could take the form of Public-Private Partnership in the case where the government investments are entrusted to the private operator through the PPP arrangement
- The government has made significant investments in processing through acquisition and installation of processing units with a capacity ranging from 0.2 to 5t throughout the country, entrusting their management to private sector.
- The political will is reflected in the agreement on the intervention framework and obligation of each party signed between the Government of Côte d'Ivoire and the private partner
- The process of pole allocation:



## C. Development of Rice Processing and Marketing:

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### ► Processing facilities

FIRST LEVEL



small processing units with a capacity of 0.2 to 2 t/h located in the surrounding of production areas for the production of milled rice for local consumption. There are currently more than 2,000 units throughout the country

SECOND LEVEL



30 processing units (5t/h capacity) are being installed and acquired by the Government with the finance from Exim Bank India. The land for processing plants have been acquired and the contracts are being prepared for the construction of the plants and the installation of these units.

THIRD LEVEL



The third level, which should consist of private integrated plants with large storage and high processing capacities, is not yet fully effective due to delays of pole operators. Currently only one unit is operational and its operation is limited to provision of milling services to other millers.



## RESULTS 1/3



### ➤ Infrastructures and irrigation

- Establishment of 3 FMC at PAHAHSF (800 ha), 1 FMC in SANGOPARI (150 ha), 1 in M'bahiakro (450 ha), 1 in PAIA ID (900 ha)

### ➤ SMAE for the provision of mechanized services

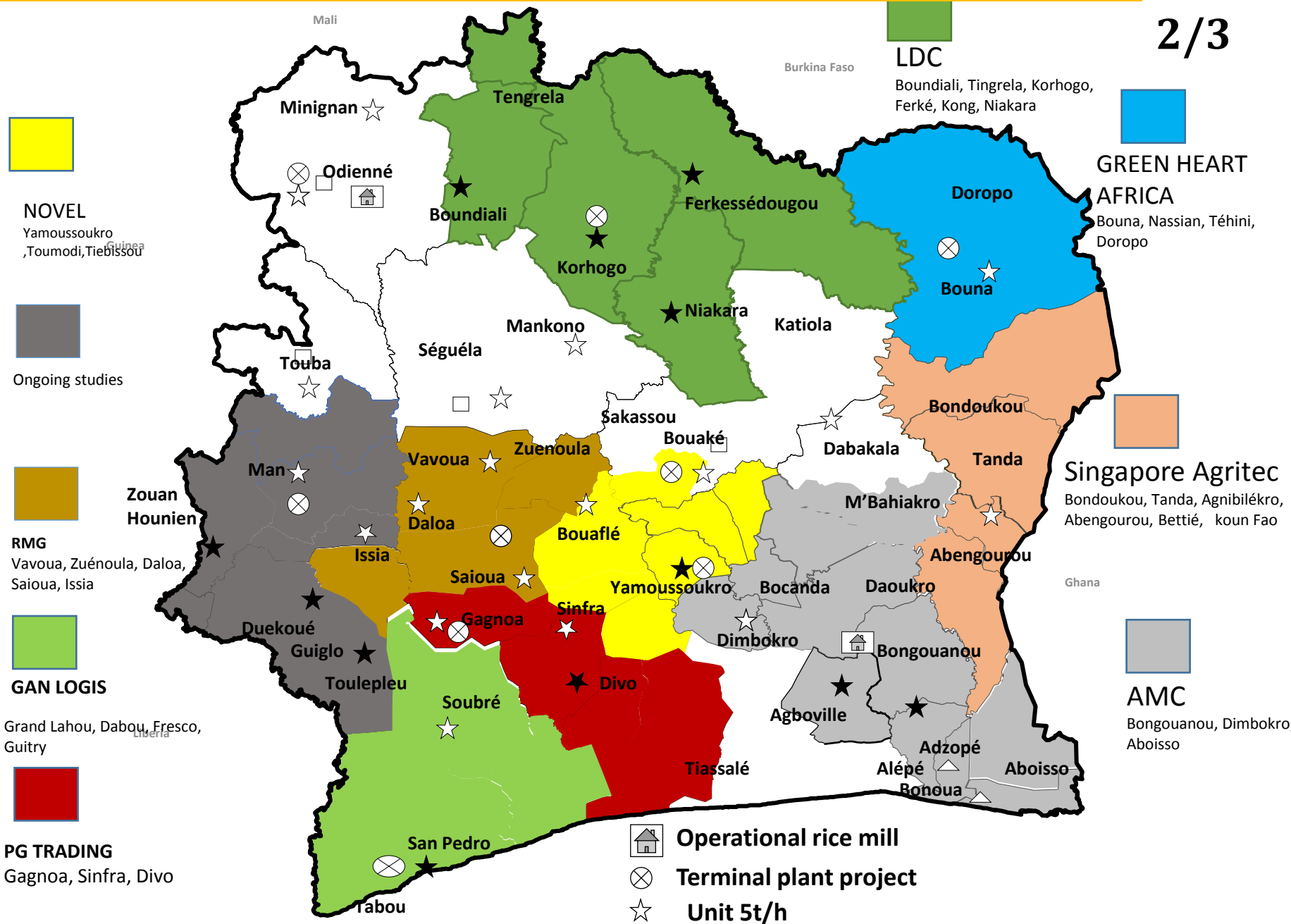
- Capacity building of the 5 selected SMAEs for the pilot phase



# PROMOTION OF PRIVATE SECTOR INVOLVEMENT

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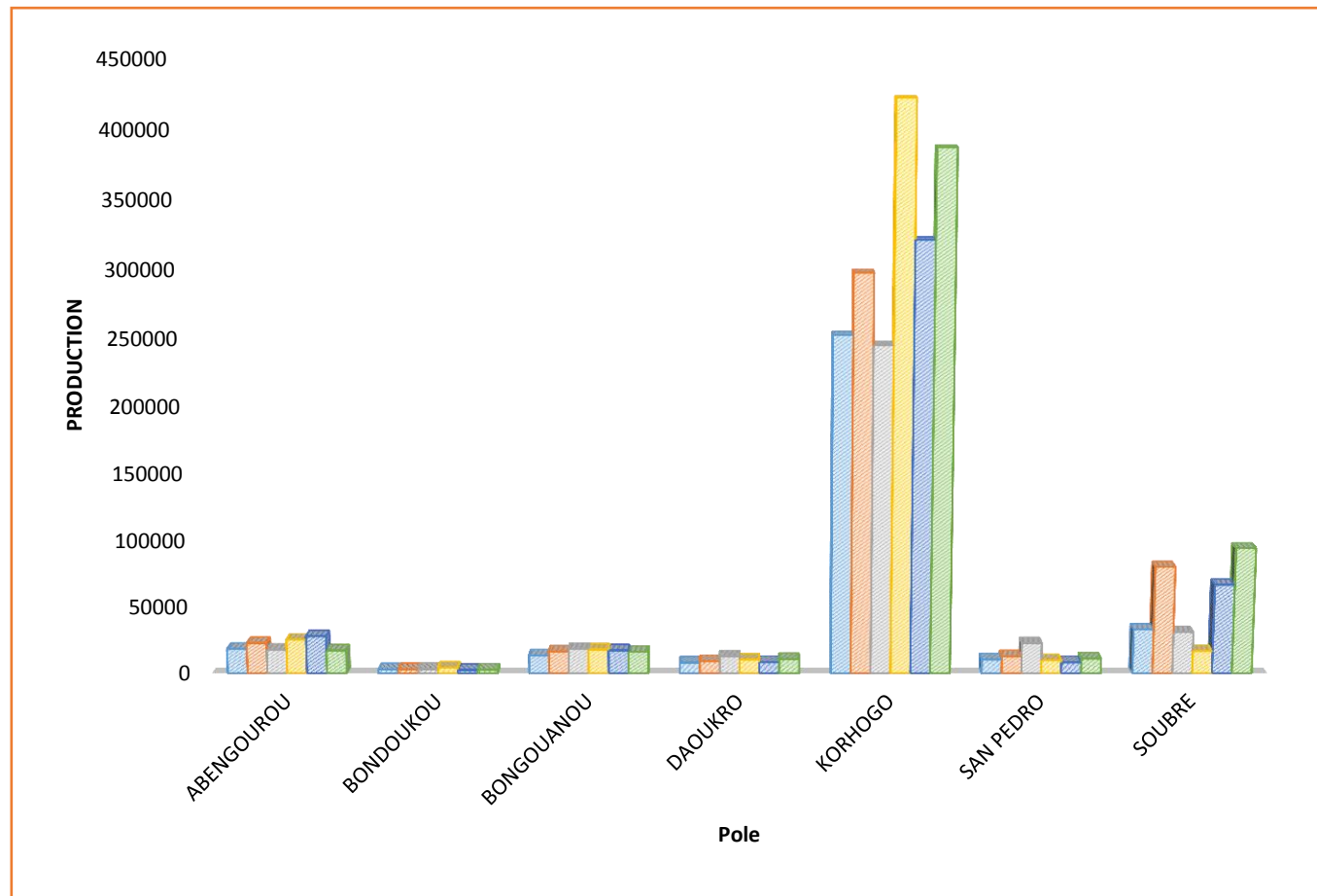
- Pole Leader approach:** allocation of poles and signing on agreed framework with eight (8) private companies (at the end of 2017):
- LDC, ETG, NOVEL in 2013
  - GAN LOGIS, SINGAPORE AGRITEC in 2015
  - RMG, GREEN HEART AFRICA, PG TRADING in 2017
- Four (04) operational**



# PROMOTION OF PRIVATE SECTOR INVOLVEMENT

## ► Increase in production in areas with pole leaders

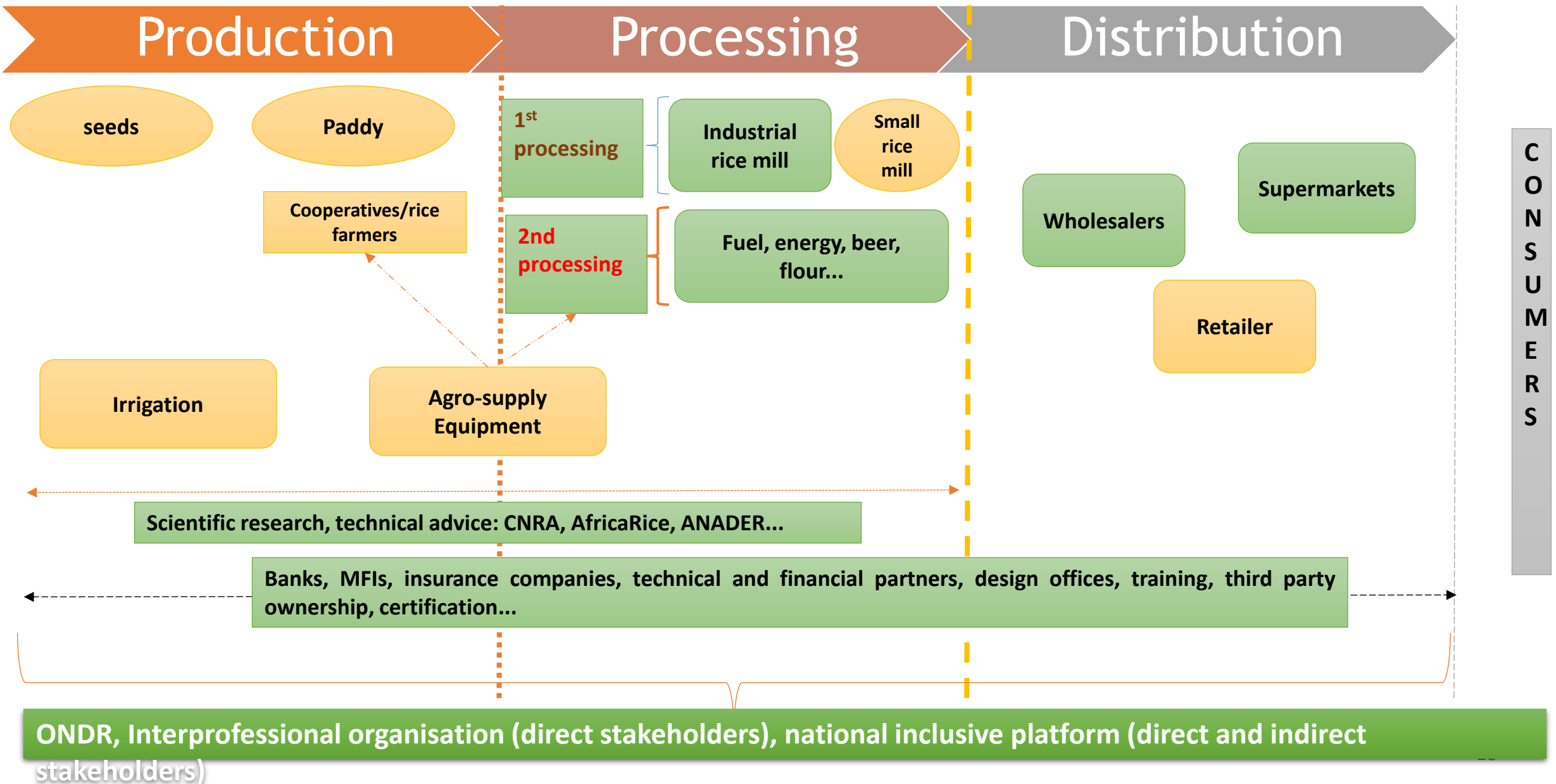
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## ► Promotion of rice brands by private sector



• **Presentation of the national rice economy with NRDS actions** 12/12



## IMPACTS

### 1. Establishment of Facility Management Committee

#### Modernisation of farms

- Application of good practices (Anader convention)
- Easy and profitable mechanisation (use of agricultural machinery for larger areas)

#### Increasing productivity

- Yield increase (1 to 4t/ha)
- Cost reduction through economies of scale
- Increase in the number of cropping cycles (1 to 2)

#### Farmers' professionalization

- Improved structuring
- Transformation from subsistence to market rice cultivation (contract-based relationship for assured marketing)

#### Stabilization and sustainability of land use

- Fight against shifting cultivation
- Reduction of land conflicts

#### Various socio-economic impacts

- Job creation
- Revenue growth
- Business diversification

## IMPACTS

### 2. Mechanization Service Provision by SMEA

#### Increase in mechanization coverage rate (30% in 2020)

- Increase in areas under mechanized work
- Increased sustainable access by producers to quality mechanization services

#### Production and productivity improvement

- Increase in area (effective crop production in accordance with the agricultural calendar)
- **50% reduction** in time spent on harvesting and post-harvest operations.

#### Improving the competitiveness of rice from Côte d'Ivoire

- Reduction of work costs (economy of scale) (**at least 20%**)
- Improvement of rice quality (good management of cultivation operations)

#### Increase of stakeholders' revenues

- Better earnings of direct stakeholders (producers, SMAEs,...)
- Better earnings of indirect stakeholders (repairers, craftsmen,...)

## IMPACTS

### 3. Pole leader approach

#### Improving Production and productivity

- Increase in paddy rice production
- Maximization of industrial milling plant productivity

#### Improving rice competitiveness

- Improvement of the quality of milled rice
- Marketing of milled rice at competitive prices

#### Contribution to local development

- Job creation
- Increase in the rice coverage rate in the needed area

#### Socio-economic impacts

- Improvement of stakeholders' revenues
- Good consideration on the gender aspect (parboiling)
- Contribution to national economy (taxes, taxation)

## Key success factors

### 1. Sociopolitical environment and overall incentive measures

- Governance Stability
- Political will displayed to promote the development of rice sector
- New investment incentives for SMEs and large enterprises adopted through tax exemptions, reductions in social contributions and customs taxes

### 2. Public investments in socio-economic infrastructures and equipment

- Implementation of a processing industrial facilities consisting of 30 plants of 5 T/H sold to private operators under PPP
- Rehabilitation and development of infrastructure (roads, water control)
- Acquisition of quality equipment

## Key success factors

### 3. Improving the macro-economic framework

- Supervision and regulation of the sector
- Provision of reliable information on the sector
- Implementation of pricing mechanism guaranteeing profitability for all stakeholders in the value chain
- Provision of favourable environment for the emergence of activities related to the value addition of by-products for the better sector competitiveness
- Setting up a normative framework and good practices that secure banks and private investors
- Establishment of guarantee fund for the financing schemes

### 4. Human Resources

- Qualified Personnel
- Building capacity of stakeholders (negotiation, ethics,...)
- Respect to each party's commitments
- Sharing experiences
- A quality maintenance service available in the production areas

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