



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

*The Regional Rice Resilient Value Chains Development Program in 15 Countries in West Africa “**REWARD**” An AfDB-led Regional Initiative*

Structural Transformation of the
Rice Sector in West Africa

CARD meeting

June 2023



The Rationale of the REWARD Program

Rice is one of the major staple food crops, and a strategic commodity in West Africa.

Rice has become the fastest growing food source (annual per capita consumption exceeds 100 kg to rank as the lead potential contributor to the Agricultural Gross Domestic Product (GDP) in the ECOWAS region.

The present production-consumption gap stands at 42%. In 2017, total local production of rice in West Africa. The domestic demand of about 16 million MT, is projected to grow to 23 million MT in 2025, i.e. a 40% increase between 2017 and 2025.

One-third of the total export volume of rice worldwide (ECOWAS Rice Factbook, 2019; (ECOAGRIS, 2019).




In West Africa, milled rice demand is expected to increase to 30 million MT by 2035, i.e. an increase of 130% in rice consumption from 2010.

The ever-increasing gap has been constantly filled by massive importations, which were estimated at USD2 billion in 2008, USD4 billion in 2014 and a projected rice bill of USD12 billion in 2035 (based on USD400 per ton of milled rice).

The temptation to continue with food policies heavily dependent on the massive imports of rice from the world market has become a highly risky and unsustainable strategy for West Africa

The Rationale of the REWARD Program

• PAST/ON-GOING REGIONAL INITIATIVES & FUTURE ORIENTATION:

-  Several regional programs and mechanisms have been initiated, of which the Continental investment plan on rice self-sufficiency in Africa (**CIPRISSA**), the Japan-supported Coalition for Africa Rice Development (**CARD**), the Korea-Africa Food and Agricultural Cooperation initiative (**KAFCACI**) and many others, to **boost** rice production and significantly **reduce its importation by the year 2025 in the region.**
-  One of these major initiatives include the ECOWAS Rice offensive (2020 – 2025), which have become the **reference** in the rice sector development agenda in West Africa.
-  The Bank-initiated REWARD project will boost the **regional efforts** to leverage adequate **investments** and **coordinate member countries** and relevant **development partners'** efforts to achieve **rice self-sufficiency in West Africa by 2025.**
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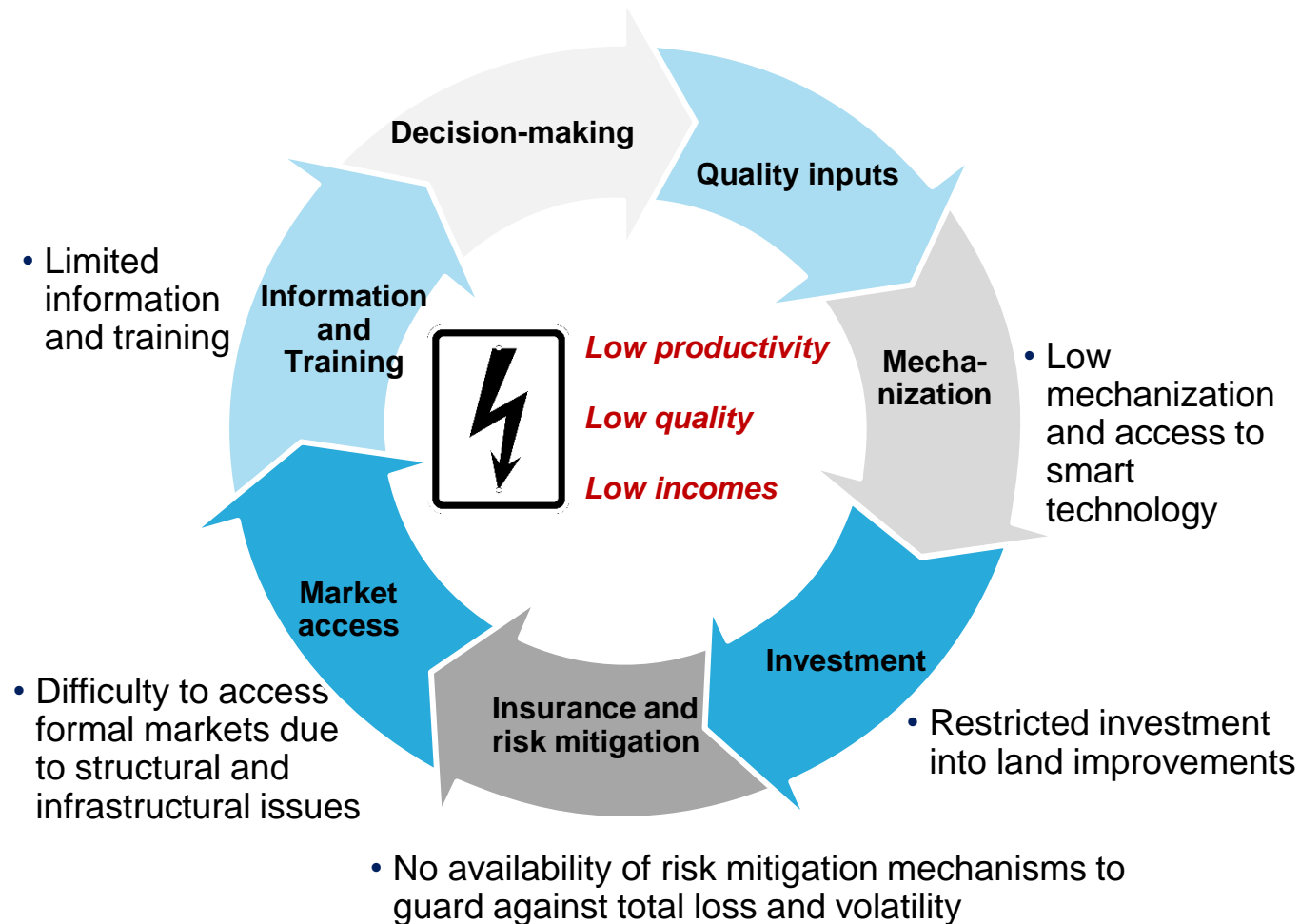
THE REWARD OBJECTIVE

With increased regional networking and cross-border market opportunity, the **REWARD** operation will help :

- **Attract** more investments;
- **Upscale** successful models with the view to increasing rice productivity, production, processing and marketing;
- **Bridge** the rice self-sufficiency gap;
- **Reduce** import bills, and
- **Create** gainful employment, particularly for women and the youth within the ECOWAS region by 2028.

Challenges to Address and How?

Africa Subsistence Farmer Poverty Cycle



How to break the Cycle

- All parts of the value chain need to be addressed
- Taking the big picture by improving the whole system and considering interdependencies

➔ **Public-Private-Partnership approach across the full value chain with committed coalition partners**

The REWARD Proposed Model – A Multistakeholders & Regional Approach

Current State

- The rural world depends exclusively on agriculture
- Agriculture is predominantly practised by **smallholder** farmers & land grabbing has proven not to be the solution
- Rice production is beset with several **bottlenecks** and both upstream with irrigation development and downstream with distribution must be addressed to effectively address an imports substitution strategy

The model

- Involves organizing and building the capacity of the FBOs and WUAs, providing high quality seeds, fertiliser, crop protection and other inputs, modern & digitalised extension services, warehousing & milling, mechanization services, and secured off-taking scheme

Coalition

- The Intervalle proposed coalition is composed of national, regional, and international **leaders in each segment** of the value chain providing **first class expertise** and technical backstop to ensure a **state-of-the-art integrated rice value chain**
- This coalition can be effectively supported by governments and development partners

Benefits

- Government, private sector and communities can partner for a winning journey with clear roles & responsibilities / risk-reward
- Investors, public & private financiers, strategic partners, technical partners, and vendors can commit as partners within the execution of the overall project within clear long-term strategy to execute the theory of change as promoted by Dakar 2 Summit

The Value Chain Model

❖ Seed Production Unit

- Certified seed from the seed production unit will serve as input for the paddy out-grower unit
- Excess certified seed will be sold to other farmers in the **open market** and government subsidy program or equivalent, ideally through the distribution unit

❖ Mechanisation Service Unit

Mechanization service will be provided to the seed production unit and the out-grower unit at various fees in line with type of service

❖ Paddy Outgrower Unit

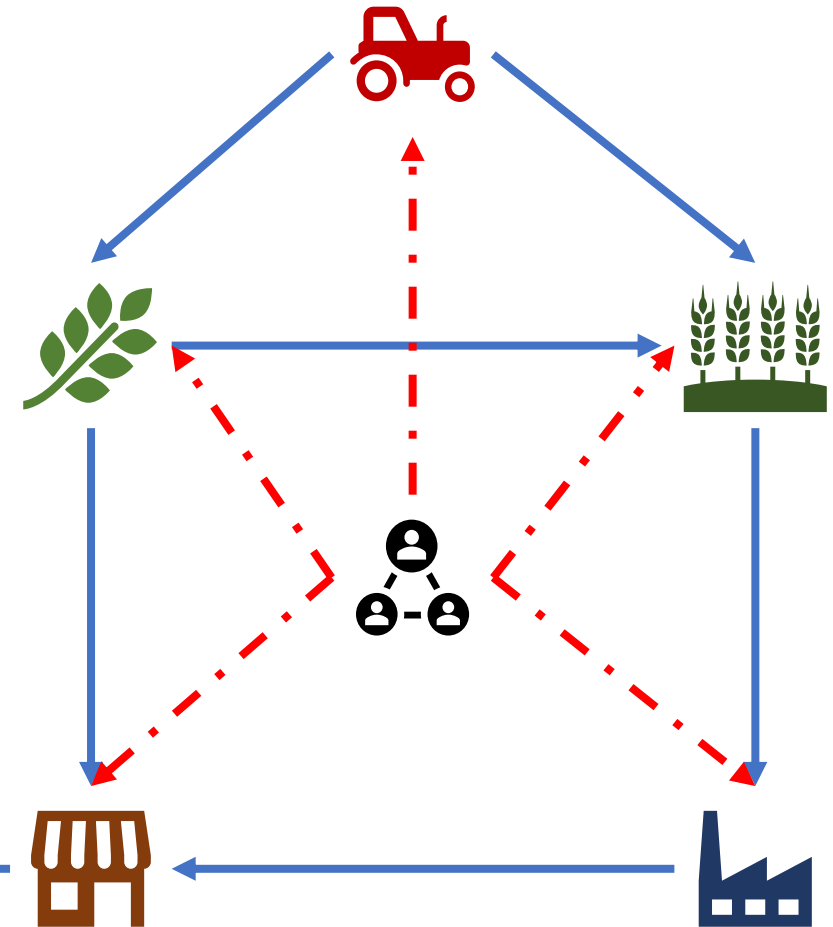
The out-grower unit will coordinate farmers' production

❖ Warehousing & Rice Milling Unit

The Unit will dry, store (paddy and white), mill and bag rice against a tolling fee

❖ Distribution Unit

The distribution unit will secure contracts for pre-selected off-taker partners, sell and monitor their distribution.



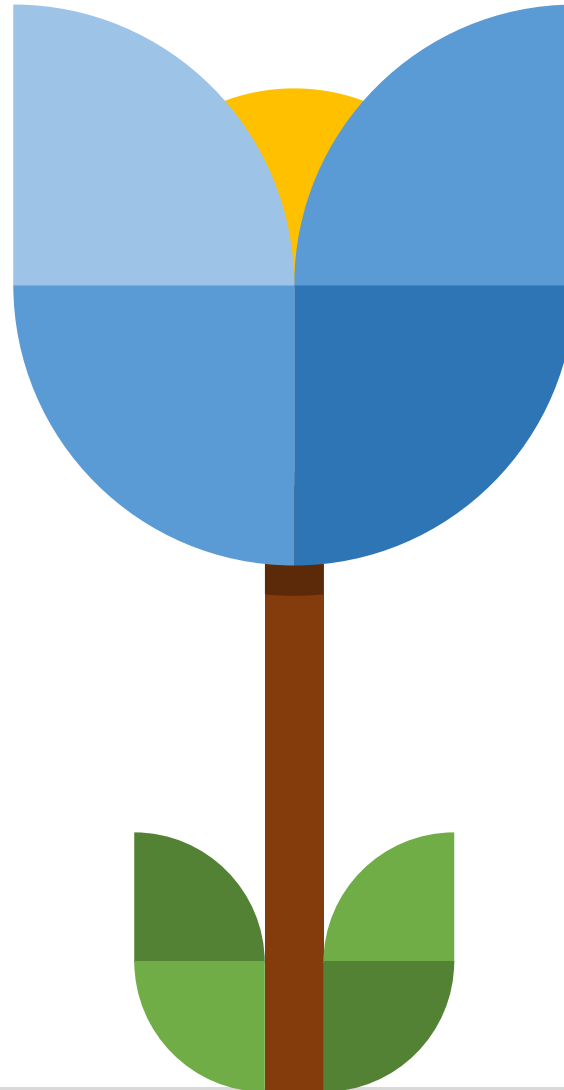
- ❖ To ensure the successful implementation of all the business units, the **Technical Operator** is required to offer control and coordination of the activities of each unit and give overall management to the SPV that will be counterpart to the bank

Why the In-Growers Model on Irrigation Schemes Should be Prioritized

Double Cropping Benefiting from Adequate Inputs

Responsible & Sustainable Water Management

Infrastructure Funded by Government & Private Sector (PPP)



Efficient Structured Value Chain

Improved Organization of Farmers around Water Users Associations & Farmer Based Organizations

DFIs & Commercial Banks Attractiveness for Financing

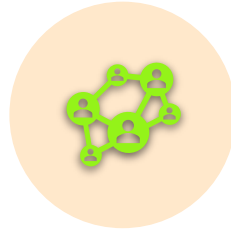
Coalition with clear roles & responsibilities / risk-reward

Technical Operators <ul style="list-style-type: none"> • Design of VC • Coordination of VC actors • Monitoring & reporting of flows 	Banks & Micro Finance <ul style="list-style-type: none"> • Provision of Funds • Financing Value Chain • Support development 	Insurance <ul style="list-style-type: none"> • Provision of Insurance Coverage to each Value Chain Segments • Support to de-risking mechanisms facilitating financing 	Financial Operators <ul style="list-style-type: none"> • Design of VC financial transactions • Relation Mgt with financiers • Monitoring & reporting of financial flows
Fertilizers <ul style="list-style-type: none"> • Fertilizer & Crop Protection Provider • GAP Training • Soil Testing 	Seeds <ul style="list-style-type: none"> • Seed Provider • Seed Multiplication • GAP Training 	SPV under the laws of SL <ul style="list-style-type: none"> • Operates the VC • Borrower of VC OPEX & CAPEX financing 	Irrigation <ul style="list-style-type: none"> • Irrigation Infrastructure Development • Irrigation Infrastructure Maintenance
Mechanization <ul style="list-style-type: none"> • Machinery Supply • Training • Maintenance Services 	Processing & Warehousing <ul style="list-style-type: none"> • Provision of Storage & Processing Facilities • Support to Operation of Storage & Processing Facilities 	Off-taker <ul style="list-style-type: none"> • Purchase commitment • Marketing & Distribution 	Digital / ICT Solutions <ul style="list-style-type: none"> • VC Risk Mgt Support • VC Supervision support
Stock Monitoring, Supervision & certification <ul style="list-style-type: none"> • Goods Risk management • Depository Services • Inputs & Outputs Certification • Independant VC Reporting 	PPP Facilitation <ul style="list-style-type: none"> • PPP support • Guidance and Advocacy 	DFI <ul style="list-style-type: none"> • Lead Funding of Irrigation • On-Lending to Commercial Banks • Support to De-Risking 	Government <ul style="list-style-type: none"> • Public support • Creating Enabling Environment • Financial Commitment

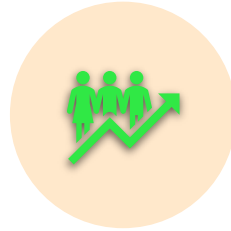
Criteria for Partnership



COMMITMENT AND SHARED VISION OF THE PARTNERS TO JOINTLY DESIGN & EXECUTE THE PROJECT – EACH PARTNER HAS A CLEARLY DEFINED AND EXCLUSIVE ROLE



EACH PARTNER WILL BE SELECTED BASED ON THEIR LEADERSHIP ROLE IN THEIR RESPECTIVE SEGMENT OF THE **VALUE CHAIN, ABILITY TO ATTRACT OTHER **CREDIBLE STAKEHOLDERS**, AND **COMMITTED FINANCIAL & IN-KIND PARTICIPATION****



PARTNERSHIP MANAGERS ARE SELECTED (INTERFACE AND GOVERNANCE): MOU WITH EACH SINGLE PARTNER SIGNED AND CONTRIBUTION TO THE PARTNERSHIP (ROLES & RESPONSIBILITIES / RISK-REWARD) DEFINED



FOCAL PERSON & DECISION MAKER FOR EACH PARTNER NAMED WITH **TIME AVAILABILITY ENSURED**



COMMON ALIGNMENT AND AGREEMENT ON THE WORK AND TIME PLAN (PMO SET-UP) ALLOWING SUBMISSION OF A COALITION OFFER BASED ON FULL **FEASIBILITY STUDIES AND IN LINE WITH THE **INDEBTEDNESS POLICY OF THE GOVERNMENT****

❖ Governments of RMCs

- Regular payment of **Irrigation Service Charge** for operations, maintenance, and management of the irrigation infrastructure
- Govts could generate **adequate income through taxation** which will support the investment of concessional and semi-concessional financing of the irrigation infrastructure
- Effective promotion of the **“Domestic Rice” campaign** with regulations mechanisms allowing local rice to compete with imported and subsidized foreign rice
- Contribution towards **rice self-sufficiency & regional food security**

❖ National Communities

- **Job creation**
 - Employment of the local community workforce with gender positive discrimination
 - Promotion of agripreneurs along the value chain
- **Wealth creation**
 - Effective tackling of the climate change issues
 - Ability to deploy financing at competitive cost as risk management procedures are in place
 - Agripoles supporting rice value chains along the river basins
 - Increased and secured incomes of all the actors of the value chain
- **Capacity building**
 - Good Agriculture Practices are effectively owned and diffused
 - Infrastructure development enables and supports financially vocational training programmes across the rural world
 - Farmer organisations are supported in terms of financial governance and literacy

❖ Private Sector

- **Commercial banks, microfinance and financial institutions** are able to finance the value chain with a 360 degrees visibility as risk management is under control
- **Vendors and suppliers** of inputs will benefit from the additional income from the increased quality production
- **Committed Offtakers** will be able to market branded rice benefiting from the professionalism along the value chain with regular quality and quantities supported by traceability tools and recognised certification

Thank You



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