Rice Value Chain development: Guiding principles from Asia

Guidance for breakouts sessions

Policy tools – What are the key policies, laws, regulations and standards that ensure delivery of rice of certain quality? What are the roles of the public/private sectors to put them into sufficiently?

Role of public investment – What is the nature of the public investment that facilitates private investment? Does it change with the context?
Guidance for breakout discussions

- **Traders’ perspective** – What drives most of the major traders to deal with only imported rice? What are the drivers to make them consider handling the domestic produce?
- **Quality vs quantity** – How do Asian countries manage to deliver large amounts of rice of uniform quality (in terms of variety and processing performance) to the major domestic cities as well as for exports
- **Scale in terms of production, processing and aggregation** – What are the pros and cons of having different scales of production, processing and aggregation? Is large scale always the better option? What is the context that creates the appropriate scale (or mixture of appropriate scales) of production?
- **Transactions** – What are the terms of trade between different players in the value chain, particularly between rice farmers (or group of farmers) and the off-takers / millers? How are these terms observed?
- **Supply chain design** – With respect to the above, what is the appropriate (doable) scale of production, processing and aggregation in West Africa given its socio economic conditions?
- **Risk mitigation and management (for financiers)** – What are the key risks of rice value chain players perceived by the financing sector? How have the stakeholders in the agriculture sector (both public and private) responded (or failed to respond) to address these factors?
- **Employment** – What is the type and scale of employment created in the reference countries in Asia? Can we envisage the same scenario for West Africa?
- **Production ecosystems**: How (and if) the approach for development in West Africa should be different, given lesser share of irrigated and greater share of upland rice growing area in the region?
- **Regional synergies** - What are practical and implementable means of leveraging regional synergies in the rice value chain?
### Session 1: Template for documenting takeaways

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<td>Production: 80% smallholder. Cons: Resource constraints. <strong>Access to Inputs</strong> (Certified seeds, fertilizer &amp; Agro-chemicals) at Right time and good quality. Cons: Limited capacity to benefit market access and behavior. Cons: Dis-economies of scale and quality. <strong>Trading takes place at a certain volume and quality.</strong> Pros: Favorable for <strong>precision farming</strong> for the production of products for a niche market. Pros: More <strong>employment and better spread of incomes and poverty reduction</strong>. Pros: <strong>Self sufficiency</strong> at family level. Pros: Easy <strong>Access to land for</strong> small farming.</td>
<td>Pre-production system. - Regulation and strengthen of input delivery system. - Expand irrigation and water management rapidly. - Strengthen extension services. - Giving loans at a lower rate and for long term. - Investment in rural infrastructure (road, market yards, storage facilities). - Easy access to market and weather information through ICT.</td>
<td>- Mandate Priority sector lending through banks. - Open policy on trade and a dynamic policy on Tarif to regulate imports. - Prevent unauthorized imports. - Good governance and transparency. - Climate resilience actions (funding research, )</td>
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<td><strong>- Production: Large &amp; Medium (20%)</strong>&lt;br&gt;- Cons: Difficulty to access land due to land tenure system.&lt;br&gt;- Cons: Access to funds is possible but the rates are very high (at least 15%)&lt;br&gt;- Cons: Lack of basic infrastructure and equipment or poor maintenance due to little or non-investments by the government on things such as roads, irrigation, storage etc.&lt;br&gt;- Cons: Poor business climate that does not incentivize investment.&lt;br&gt;- Cons: Climate change&lt;br&gt;- Pros: Easy access to credits, larger economies of scale and quality, Easy access to market information, better capacity to benefit from technology, More sustainable than smallholders</td>
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Cons: Dis-economies of scale and quality - Trading takes place at a certain volume and quality.  
Cons: Limited capacity of technology upgrading  
Cons: Limited capacity to benefit market access and behavior.  
Cons: Limited capacity to access investment and operational funds.  
Cons: Non-standard quality.  
Cons: Limited infrastructure (energy, storage etc.)  
Cons: Limited capacity to withstand competition from imports  
*Pros:* More employment and better spread of incomes and poverty reduction.  
*Pros:* Encouragement to women and youth  
*Pros:* Closer to production zones | Pre-production system.  
- Investment in rural infrastructure and logistics (electricity, road, market yards, storage facilities) | - Supportive policy to access to finance  
- Policy to connect producers and processors |
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<td>(20%).</td>
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<td>- Policy to connect producers, processors and market.</td>
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<td>- Cons: Limited access to large quantity and good quality paddy.</td>
<td>- Good governance and transparency.</td>
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<td>aggregation? Is large scale</td>
<td>- Cons: Limited skilled work force</td>
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<td>always the better option? What</td>
<td>- Cons: <strong>unsupportive business</strong> environment to invest.</td>
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<td>is the context that creates the</td>
<td>- Cons: Scope for <strong>women entrepreneurs</strong>.</td>
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<td>appropriate scale (or mixture</td>
<td>- Pros: Larger economies of scale, Standardized quality, Job creation, Trigger high raw material production and quality due to contract farming.</td>
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<td>Aggregation</td>
<td>Investment in rural infrastructure and logistics (electricity, road, market yards, storage facilities)</td>
<td>Regulation of aggregators through registration.</td>
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<td>- Cons: Large numbers of farmers depend on a few people.</td>
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<td>- Cons: Risk of contract default</td>
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<td>- Pros: Easy access to finance</td>
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Session 1: Is large scale always the better option?

Mixture of scales is the best option
Session 1: What is the context that creates the appropriate scale (or mixture of appropriate scales) of production?

- Stability and transparency of government policy
- Trust between value chain partners (Contract farming)
- Invest in the needed infrastructure
- Put in place the right policies to encourage private investment and work with the smallholder farmers
Session 1: What are the terms of trade between different players in the value chain, particularly between rice farmers (or group of farmers) and the off-takers / millers? How are these terms observed?

- Stability and transparency of government policy
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<td>Production ecosystems: How (and if) the approach for development in West Africa should be different, given lesser share of irrigated and greater share of upland rice growing area in the region?</td>
<td>Irrigation (Higher yield and better quality): - Unstable water supply - Soil management problem (Fe toxicity) - Difficulties to mechanized activities</td>
<td>- Develop new irrigation scheme. - Management and maintenance of irrigation schemes. - Rehabilitate existing schemes. - Investment in solar energy for water pumps - Research in development of Fe-tolerant varieties - Set up machinery service provision system. - Capacity building of local equipment fabricators.</td>
<td>- Policy to encourage irrigated cultivation with water use efficiency and management (Water should be priced). - The irrigation scheme should not be managed by the gov’t but either by the private sector, Farmer-producer cooperatives (companies) or both. - Promotion of policies that support investments in solar energy. - Regulation and facilities to get access to funds for agricultural mechanization.</td>
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| **Production ecosystems:** How (and if) the approach for development in West Africa should be different, given lesser share of irrigated and greater share of upland rice growing area in the region? | **Upland (Lower yield):**  
- Uncertainty of rainfall  
- Inappropriate variety  
- Climate change  
- Difficulties to mechanized activities | - Research on drought tolerant and climate resilient varieties.  
- Less fertilizer use | - Policies that allow for easy and proper access to fertilizer. |
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<td>- Absent of National</td>
<td>- Invest in the preparation</td>
<td>- Develop and implement</td>
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<td>What are practical and</td>
<td>and Regional supply/</td>
<td>of National S&amp;D balance</td>
<td>common regulation policies for</td>
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<td>implementable means of</td>
<td>demand (S&amp;D) balance</td>
<td>sheet and consolidate into a</td>
<td>seeds and other products</td>
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<td>leveraging regional</td>
<td>sheet.</td>
<td>Regional S&amp;D that should</td>
<td>movement within the region.</td>
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<td>- Restricted</td>
<td>guide importation and</td>
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<td>movement of</td>
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<td></td>
<td>agricultural good</td>
<td>- Invest more on seed</td>
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<td>(Seeds) and services</td>
<td>development , soft</td>
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<td>produced within</td>
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