



## AGRF 2016 – VALUE CHAIN WORKING SESSION REPORT

Day 4 - Thursday, September 8

14:00pm- 15:45pm

Working Sessions

Grains Value Chain

### SESSION BRIEF

**Context:** Grains in Africa – particularly rice and maize – are staple crops that support food security, nutrition, jobs and occupy the livelihoods of over half of all farmers in Africa, be it for subsistence farming or commercial operations. Yet, to manage the demand that will be created over the next 30 plus years as the continent’s population doubles, the continent will need to rapidly improve the way that these key crops are produced, handled and significantly deepen and strengthen the often informal value chains that drive current production. Thus, this session was aimed at drawing from, and reflecting on, the experiences of grain value chain players across Africa, in order to identify best practice case examples that could potentially be scaled up in other parts of the continent.

#### Session Objectives:

This session deliberated on how value-chain developments in maize and wheat can slow the dependency on imported wheat and rice. The session will identify key constraints in the maize and rice commodity chains and propose actions needed to enhance the competitiveness of the grains value chain.

#### Key Issues/ Questions

- How do we improve the productivity (land and labor) and quality of grains?
- What key production challenges can be addressed in the short to medium term, (i.e. yields, land availability, finance, inputs such as seed and fertilizers and equipment etc.?) and how are value chain players overcoming them?
- Which “inclusive business” models reflect the best practice in drawing both the right quantity and quality requirements to markets and in delivering the right inputs and services to farmers? Where are they, how do they work, and how can they be replicated?
- What attainable measures can be taken to address aspects of cost efficiency, post-harvest loss, nutrition and therefore, and increase competitiveness?
- How to reduce the cost of finance across all stages of the value chain?
- What is the regional integration challenges value chain players face within and across Regional Economic Communities (RECs), and how can these be addressed within grain markets?
- How can private sector and development partners lobby governments to implement existing regional trade agreements more effectively, and fundamental measures to facilitate increased trade?

**Outcome Desired:** The session aimed to identify a number of deliverables that can be set within a certain timeline (e.g. 2 years) which will detail the following:



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- What activities can be undertaken by value chain stakeholders to create and advance Africa’s competitive advantage?
- What outcomes or targets can be set to drive grains value chain development over the next 24 months?
- Which actors can drive the agenda going forward, identifying champions and other actors who can get involved?

**Organizers:** AGRF Secretariat

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Name	Picture	Discussion
Prof. Thomas Jayne, University Foundation Professor, Michigan State University  Role: Moderator		<p>Prof. Jayne served as the moderator of this session and he introduced the title of the session and gave a brief introduction of all the panelists.</p> <p>The challenges of grain importation in Africa, the importance of reducing Africa’s costs of production were all areas that he felt needed to be discussed when evaluating this value chain.</p>
Mr. Gerald Masila, Executive Director, East African Grain Council  Role: Keynote Address		<p>In his keynote speech, Mr. Masila explained to the audience how grain value chains are important and in particular, the two grains that would be of focus during this session: rice and maize.</p> <p>Both maize and rice have unique characteristics, he continued, in regard to maize, the crop must be handled delicately at the production level as the key challenges to be avoided relate to soil health and quality inputs (seeds and fertilizer) are required to obtain optimal yield when one is discussing of maize production. Maize disease he added can also be a challenge.”</p>



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		<p>In terms of the maize value chain he noted that additional key issues that require focus are the importance of warehousing and proper, dry storage. He added as maize is a staple crop in East and Southern Africa, there is also significant trade in the commodity at multiple levels – thus the trade of maize is truly a regional phenomenon.</p> <p>In considering the other important grain in Africa, rice, Mr. Masila noted that in East Africa, Tanzania was the leading producer, followed by Kenya. He further explained that in the East Africa Community issues around rice are very sensitive because at different times and in varying countries the crop received subsidy.</p> <p>He continued to note that certain challenges in the grains sector included access to markets, rising costs of production, the need for improved productivity and higher yields, the challenge of imports, post-harvest losses, and the need for increased processing.</p> <p>In his remarks, he also noted that his organization had been working to promote more harmonized trade policies in East Africa and toward the promulgation within EAC members of freer borders and the facilitation of increased trade. They also advocated for improved research related to grains, increased dissemination of this research, greater focus on developing accurate regional market analysis and information and alignment of cropping calendars in neighboring countries to facilitate the improvement of the overall regional market.</p> <p>He concluded by noting that the competitive drivers of the grains sector (in particular the cost of production) is something we have to address: the price, post-harvest losses, trade barriers, value addition needs, and supply chain efficiencies are areas that required more focus.</p>
<p><b>Panelists</b></p>		



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<p>Mr. Juergen Koch, Component Head, Competitive African Rice Initiative (CARI)</p>		<p>Mr. Koch of CARI explained that he has seen some recent positive development in Nigeria where he is based in the rice industry. Specifically, he pointed out the fact that in the past months the Government of Nigeria has imposed an import tariff on rice, which he said was part of the solution to decrease rice imports in Nigeria – and to encourage local production.</p> <p>As CARI also operates in East Africa, he pointed out that there was very good potential for the development of a robust trade in rice within the East African community. Yet, he cautioned non-tariff barriers must be addressed and there must be a collective focus on competing in the market versus suppliers from the Eastern countries.</p>
<p>Mr. Tinashe Kapuya, Director, International Relations, South Africa Agriculture Business Chamber (AgBiz)</p>		<p>Mr. Kapuya added in his remarks that being globally competitive is one of the issues that is critical to growing the continent’s grain trade and grain production capacity.</p> <p>He further raised the fact that in the AU’s Malabo Declaration, the commitments call for tripling intra-African trade. For that to happen, he exalted, we have to be competitive.</p> <p>In putting the importance of being competitive in context he noted that today the world produces 900 million tons of maize, 90% yellow and 10% white, yet 90% of the maize grown for consumption in Africa is white maize. Africa has the opportunity to become a major producer of white maize, but there is a huge market globally for yellow maize which should also be pursued as well.</p> <p>He also encouraged that Africa needs to do better in terms of its efforts at spotting and facilitating trade between countries where there is deficit production and those where there has been surplus production. The government of Botswana depends on imports, but should be able to trade with neighbors Zambia and South Africa for maize. In corridors in east and southern Africa we should consider regional value chains in grain crops such as maize. But today there are many barriers to this – both from a policy level and in terms of infrastructural barriers. We should be able to produce product in bulk where</p>



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		<p>the conditions are most opportune to do so and then efficiently transport it within the regional economic community to where demand is greatest. Zimbabwe depends on Mexico for maize which is unsustainable and a bit hard to believe.</p>
<p>Dr. Tsegede Abate, Leader, STMA - International Maize and Wheat Improvement Centre (CIMMYT)</p>		<p>Dr. Abate contributed to this session by adding his experiences in the maize sector to this discussion. In opening his remarks he noted that the common denominator about maize is that in Africa local farmers are varied contributors and there is always a danger of mediocrity. This is in part because many if not most African maize farmers, farm for subsistence and not commercial farmers.</p> <p>However, he stated that he felt encouraged because in the last decade progress, particularly in production, was being made. However, he lamented that yields in Africa were still far too low: the average productivity in Africa is 1.8 tons per hectare and there are 6 countries that produce more than 2 tons per hectare, and only 2 that produce more than 3 tons per hectare.</p> <p>He added that government support for agriculture was still critical for progress and transformation in the Africa maize sector. Where we see progress is where government intervenes, he commented further. Maize production is a complex thing and those countries that are faring best in navigating these issues are those where government has made it a priority to address the issues (access to finance, skills development, access to inputs, access to irrigation, availability of storage facilities and electricity). In the private sector, he noted that a number of strong companies in the maize sector were also growing and this was a very positive development of the past 10 years.</p>



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<p>Amb. Philip Idro, CEO Upland Rice Millers, Uganda</p>		<p>Amb. Idro began his speech by answering a question posed earlier in the discussion about Nigeria imports rice. His response was that there was a time Nigeria used to actually export brown rice. By 1960 Nigeria was producing millions of tons of rice and exporting its excess. However, during the period of structural adjustment Nigeria’s government was advised to scale back on the support of the agriculture sector and focus on other areas. This led to era that we have through today where the country still has not returned to being able to produce adequate rice for its domestic market.</p> <p>Another factor that he points out is that the global food industry has positioned Africa, and Africa has let itself become viewed as an import market, after all the continent imports \$35 billion plus of food annually.</p> <p>Africa he urged needs to plan for the long term and work to produce the things it eats and eat the things it produces. Food importation is unsustainable and a tax or subsidy that is given to western and eastern countries around the world – rather than invested domestically to expand the continent’s own economies and to create jobs and wealth for its growing youthful population.</p> <p>Our costs of production are also too high because we have not adequately embraced mechanization and other labor saving technologies and processes that would afford our farmers to become more business-like and profitable in their endeavors.</p>
<p>Mr. Joost van Odijk, Country Manager – West Africa, GROW Africa</p>		<p>Mr. van Odijk gave a brief presentation about how he and GROW Africa are working to support increased rice production in Nigeria and in other countries in West Africa.</p> <p>Consistent and attractive policies and an intensified focus on infrastructure development are some of the ways in which he felt that rice can be made to be more of a priority crop for producers in the region.</p>



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### **Summary**

The key issues for grain crops to flourish in Africa is to reduce the barriers to trade and introduce farmers to improved inputs, technologies and markets. Incentivized policies and a focus on increasing value addition in the sectors are also important factors to pursue in crafting public-private policies that support the growth of investment in the grains sub-sector.