

Rice Value Chain Development In Guinea, West Africa

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Abstract

This study explores the complex issue of transformation of the agricultural sector in Guinea, its modalities and factors, as well as its potential effects on food security through the approach of agricultural value chain development through agro-industrialization. After analyzing the trends in the business environment as a whole and more specifically for the agro-industrial sector, as well as the food security situation and the prospects for local demand, this study then turns to analyze the current performance of regional and national value chains, as well as their potential, and finally explores the possibilities of institutional innovations in the political framework, investments, and development initiatives and projects to remove the constraints to the development of this potential field. In order to seize these development opportunities and effectively compete with imports, local food systems face a double challenge: generate a stable, nutritionally rich, low-cost food supply offering an acceptable level of health security and quality for the poverty, provide high quality branded, fresh and processed foods with appropriate packaging for higher income segments of the population.

Introduction

The concept of the rice value chain was introduced by Michael Porter. The value chain makes it possible to break down the activity of the company in the sequence of elementary operations and identify sources of competitive advantage potentials. Value is the amount that customers are willing to pay to get the product offered to them. This value results from various activities carried out by the suppliers, the firm and the circuits of distribution, whether or not these are integrated into the firm. A better supply of quality local products to urban centers, support downstream operators in the 3 main production areas, support to the structuring and professionalization, with a view of transferring activities to sustainable structures and supporting the creation of an inter-branch organization.

Rice producing areas and supply in Guinea

Rice, the main staple food of Guinean households is grown by most farmers. The major producing areas are Guinee Maritime and Guinee Forestiere. Guinean generally prefers parboiled local rice and imported white rice but in South Eastern Guinea households show a greater preference for local white rice. The major rice surpluses are in South Eastern Guinea and Coastal Guinea, the major deficits are in Moyenne Guinee and Haute Guinee. Major internal trade flows go from the South East to the North East and from the South East to the West

The major rice trades between Guinea and its neighbors, during the lean season, rice flows into Guinea and after the rice harvests in Guinea, rice flows back into neighboring countries, but in smaller quantities. As local parboiled rice is often more expensive than imported rice, poor urban consumers generally consume more of the latter. The importation of rice is subsidized (import duties reduction or exemption) as the government exerts pressure on private importers and distributors to maintain prices too low levels. The Government has freely distributed rice in the major urban centers. Rice is reportedly informally re-exported to neighboring countries as its price is often lower in Guinea than in neighboring countries. The rice importation sector is very concentrated (more or less three-fourth of the market is in the hands of four importers). In the future rice production is expected to grow faster in coastal Guinea as there is still unexploited potential in this part of the country

1. Marketing of rice in Guinea

1.1. Context of the rice market in Guinea

Restructuring of the cereal market with the effective liberalization of the marketing of agricultural products (1981-1992), implementation in SIM in 1991/92 and SIM in OMA in 1998/99; rising food prices and food crisis in 2007 and 2008 and start of subsidies, implementation by the Government of measures (tariff, non-tariff, administrative to be able to curb the food crisis, dysfunction of cereal market (insufficient organization of actors).

1.2 Organization of the cereal market in Guinea

The marketing of cereals is organized at through several types of markets and point's exchange where collection services, bundling, transport and retail are executed. Description of the different markets in which cereals are collected, grouped and sold to consumers are described as follows:

1.2.1. Small production markets

The notion of production market is defined as the marketing system led at the village level by producers and collectors. The collectors are generally producers from the area therefore very known in the community having certain notoriety and a modest financial base. They generally have the trust of other producers in their locality. There are two types of collectors. Independent collectors who use their own money to make purchases and. Dependent collectors who do not have equity is pre-financed by semi-wholesalers and wholesalers to carry out purchases. As such, they can sometimes grant loans to producers during the lean season against payment in cereals at harvest.

1.2.2. Large production markets

Large production markets are usually found along roads or improved tracks accessible to vehicles. They are frequented by producers from several villages and collectors from small production markets. Large production markets serve as a focal point for aggregating cereals where the quantities purchased by collectors are transferred to the aggregator or wholesale dealer. The quantities grouped together are systematically drained to a large grouping center (regional capital) in order to limit storage time at the level of the large production markets which are the capitals of the sub-sectors. Most of the product markets which are covered by the Market Information System.

1.2.3. Large aggregation centers

These centers are characterized by the presence of wholesalers who have stores to store grain from several production markets. These large aggregation centers, which correspond to regional capitals, serve as departure points for rice to the major consumption centers in the interior (Conakry) and abroad.

1.2.4. Large consumption centers

Wholesalers in Guinea take large quantities of grains from the regions in storage. These wholesale stores are where semi-wholesalers and grain retailers get their supplies. Retailers exist at different scales of activity throughout the grain transaction chain. Traders (intermediaries) provide the link between producers and consumers.

2. Marketing channels for agricultural products (Rice)

2.1 Marketing channels of rice

Marketing channels are defined here as the main axes that actors use to ensure the circulation of products from production areas to consumption areas and / or from surplus areas to areas deficit. These circuits can be internal (within the same country) and / or external (from one country to other countries). Primary collection corresponds to the sale of cereals from the producer to the collector, The first level of grouping is done at the level of production markets, grains pass from the primary collector to the aggregator at the end of the market day, The second level of consolidation: The consolidator sells the cereals to the wholesaler based in the large consolidation centers. The first level of transfer: The cereals are transferred from the wholesaler of the large grouping centers to the wholesalers of the large consumption centers. The second level of transfer: The wholesalers of the large consumption centers sell grain to retailers and finally. The sale of grain to consumers is handled by retailers. [Fig. 1]

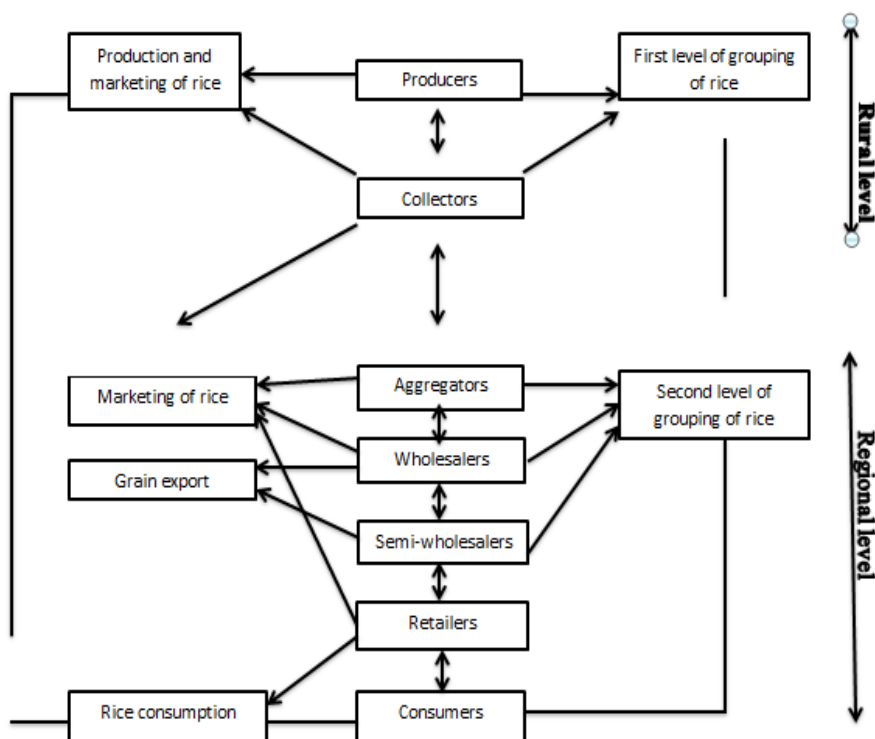


Figure 1- General structure of rice marketing channels in Guinea

2.2. Production and trade flow structure of rice in Guinea

In Guinea, official statistics show exports of cereals and primary products to a large number of countries. Not all exports are commercial exports. There are exports to European, Asian

and American countries. These are the family exports of Guinean nationals living in these different countries. Guinea exports to 7 countries, mainly neighboring countries. This indicates that transshipment at the borders is very important in border trade in rice. The increase in prices is part of the general logic of market dynamics and was intensified in 2007 with the generalized food price crisis. This increase in prices is partly explained by the taking of market share by producers who, through their organizations, intervene more and more in the agricultural product market with a view to recovering part of the marketing margin.

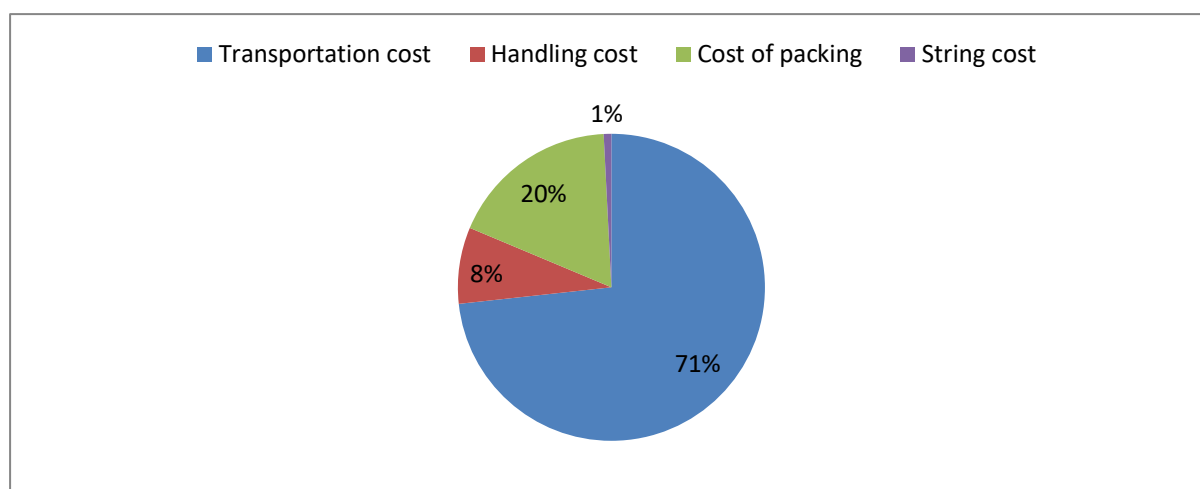


Figure 2-Analysis of grain transaction cost

2.4. Effects of the cereal market liberalization policy in guinea

A continuous increase in cereal production; an increasingly competitive grain market; improving the efficiency of the grain market; a very variable impact of liberalization on producers; Food security has improved but malnutrition remains; the competitiveness of cereals in Mali; improving the balance of payments.

2.5. Grain market development constraints

- 1) Insufficient marketing infrastructure, in this case means of transport (roads, trucks, carts);
- 2) Insufficient training, organization and information for stakeholders;
- 3) Difficulties related to the functioning of the market;
- 4) Difficulties in accessing funding; Prohibition of cereal exports;

- 5) Effects of tax exemptions on imports; High cost of grain transport costs on the various marketing axes, insufficient or even lack of lines of credit for the marketing of cereals;
- 6) Insufficient organization of marketing players.

Conclusions:

The policy makers are aware that increasing rice productivity per unit area requires adopting intensive use of land by increasing the cropping intensity which will help in sustaining production so as to meet the increasing demand for rice. Emphasis therefore, should be laid to farmers on the adoption of non-monetary inputs like timely sowing, maintaining optimum plant population, timely irrigation, efficient use of fertilizers, need based plant protection measures, and timely harvesting of the crop. The government should come up with a policy to support industrialization through private firms to drive investment in order to make rice profitable for firms that are investing in true commercial production and processing. In addition, the county governments should have policies that are leading to different enabling environments around the country and differentiated opportunities for expansion of the rice industry across the value chain. It should be noted that the dysfunction of the rice market, the asymmetry of information and the non-performance of the marketing system are key elements of the development problem of the cereal market. Price analysis indicates an increasing trend for all cereals. This trend was accentuated between 2012 and 2015. Transaction costs constitute the major handicap on an exorbitant transport cost and represent about 60% of the structure of transaction costs both on rural tracks, national roads, regional, local and community.

Recommendations

- 1) The implementation of a proactive policy to reduce imports of agricultural and food products through good policies to improve the production and productivity of various products.
- 2) Better organization of actors in the "grain" sectors in order to facilitate the circulation of commercial information. This recommendation can be implemented through umbrella organizations specializing in the marketing of cereals.

- 3) The development and implementation of a training/information policy for actors in grain marketing and marketing techniques through training sessions.
- 4) Strengthening the existing information systems on cereals, in particular, the Agricultural Markets Observatory (OMA), this can help improve the marketing of cereals by taking into account the real needs of marketing players.
- 5) The design and implementation of a sectorial policy to open up the country aimed at the development of transport in order to facilitate market access for actors. This recommendation will take into account the opening of new tracks and access roads and the renovation of old road infrastructure.
- 6) The implementation of a credit policy adapted to the repayment conditions of the actors to facilitate the access of the actors to the marketing channels (wholesalers, retailers, fairgrounds) will contribute to the improvement of the efficiency of the cereal markets.

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