

***From Paddy to Prosperity  
Inclusive Partnerships and Innovative  
Financing for  
China-Africa Rice Value Chain Cooperation  
Seminar on China-Africa Rice Value Chain  
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# ENABLING ENVIRONMENT FOR AGRICULTURAL INVESTMENT IN AFRICA – RICE.

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# PRESENTATION LAYOUT.

- INTRODUCTION.
- ENABLING ENVIRONMENT FOR AGRICULTURE INVESTMENT IN AFRICA-RICE

1.POLITICAL WILL.

2.AVAILABLE ARABLE LAND AREA

3.YOUTHFULNESS OF THE POPULATION

4.CHEAP LABOUR

5.ABUNDANT WATER RESOURCES

6.FAVORABLE CLIMATES

7.FRIENDLY POLICIES

- CONCLUSION

# Introduction

Rice production in Africa has grown in recent years, the continent remains short of self-sufficiency and is increasingly reliant on imports to satisfy demand.

Africa imports almost 17 million metric tons of rice, incurring a substantial drain on the continent's foreign reserves. In total, the continent accounts for 32% of global rice imports.

Agriculture is a vital sector in Africa, and rice is one of the continent's most widely consumed staple foods with consumption levels ranging from 20-40 kg per capita.

Rice is the single most important source of dietary energy in West Africa and third most important for Africa as a whole.

# Introduction cont...

Globally in 2022, the estimated total volume of milled rice produced worldwide reached over 513 million metric tons, with Africa producing approximately 24 million metric tons of rice.

Africa produces about 60% of the rice the continent consumes.

The majority of the continent's rice production is small-scale and fragmented, with limited access to markets, technology, and finance.

The sector is characterized by low yields, poor post-harvest handling, and inadequate storage facilities. The average farm gate price of rice is higher than the international price, making it difficult for farmers to compete with imported rice.

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# ENABLING ENVIRONMENT FOR AGRICULTURE INVESTMENT IN AFRICA

## 1.POLITICAL WILL OF AFRICAN GOVERNMENTS

A lack of food security can contribute to a variety of threats: national security, including civil unrest, political instability, and conflict.

Due these reason the African governments offer strong support to any stakeholder in the rice value chain that will contribute to the national food system transformation agenda for a home grown sustainable , reliant, resilient, Inclusive and healthy food and nutrition security their people.

## 2. Available Arable Land Area

According to the Food and Agriculture Organization of the United Nations, in 2013, the world's arable land amounted to 1.407 billion hectares, out of which Africa has 60% of the global total (IPS, 2023).

Similarly, the International Rice Research Institute (IRRI), Africa has the highest reserves of untapped natural resources for food production in the world, with over 130 million hectares of land suitable for rice farms. However, more than 90% of this land is currently unused or underdeveloped..

This implies that Africa can leverage on its vast land and natural resources to boost production of rice in the continent. Investments could be made in equipment, machinery, irrigation and acquiring high-quality seeds and fertilizers

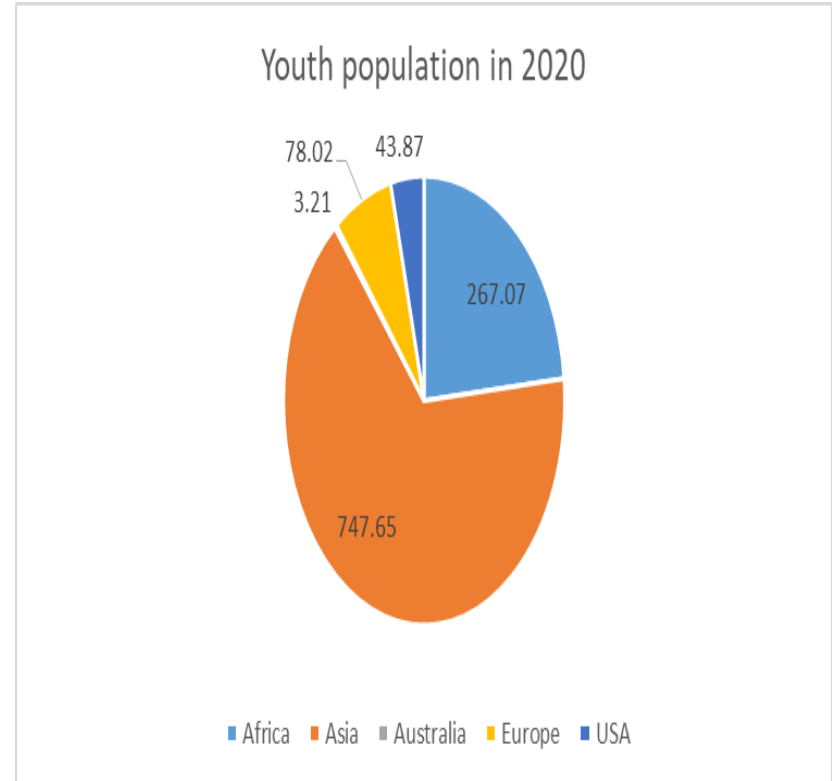
60% of the world's arable land



### 3. Youthful Population

As of 2022, Africa has the youngest population in the world, with around 40 percent of the population being 15 years and younger, compared to a global average of 25 percent.

Africa's youthful population can provide a large potential for investors in form of labour, innovation, science and technology for profitable and healthy investments.





# Youthful Population cont...

b. **Entrepreneurial spirit:** Many young Africans are eager to engage in entrepreneurial activities, including agriculture. They may more likely to adopt innovative farming techniques and technologies, driving efficiency and growth in rice production

c. **Social impact:** agricultural investments can create jobs and improve livelihoods for young people in rural area, reducing urban migration and contribute to social stability.

Overall, Africa's youthful population provides a dynamic and receptive environment for investment in agriculture, with potentials to drive sustainable development, economic growth, and food security across the continent.



# 4. Cheap Labour

Africa's relative inexpensive labour can be advantageous for investment in rice production in several ways:

**Cost efficiency:** low labour costs reduces the overall expenses associated with cultivating rice. This cost advantage can make African-produced rice more competitive in domestic and international markets.

**Scalability:** With abundant and affordable labour, large-scale rice farming operations can be established and maintained cost-effectively. This scalability can lead to higher yields and increased production volumes.

Investment in production creates employment opportunities, particularly in rural areas where jobs are scarce. This could contribute to poverty reduction.

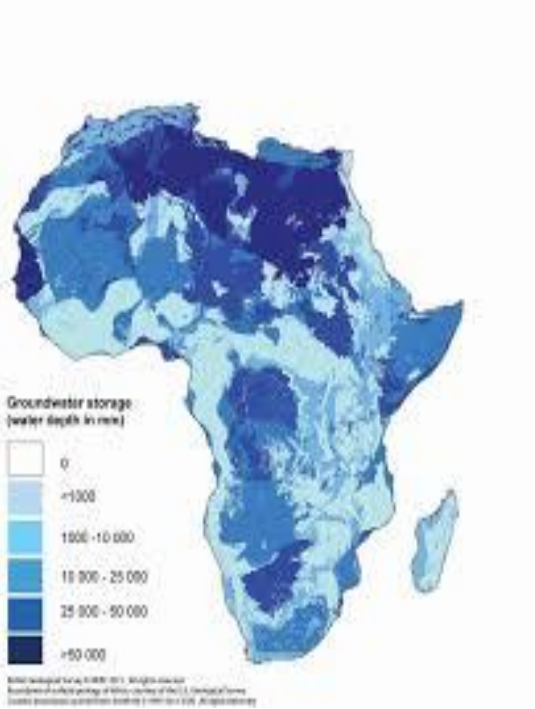
Affordable labour can support the development of the entire rice value chain, including processing, packaging, and distribution. This integrated approach can further stimulate economic growth and create additional employment opportunities



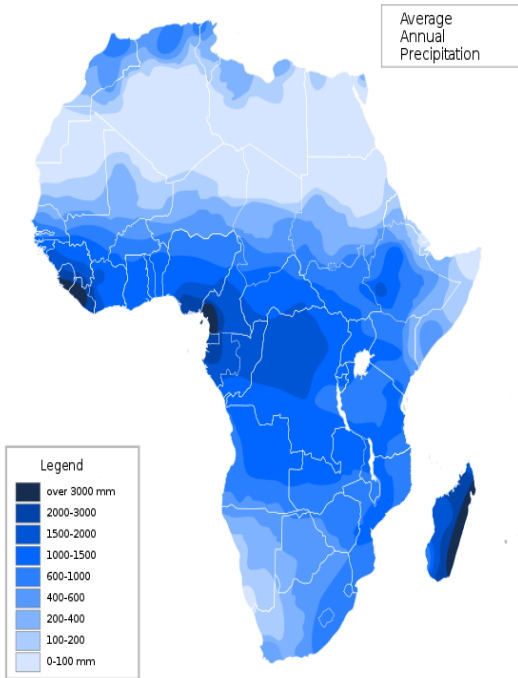
## 5. Abundant Water Resources

- There is abundant water resources (Rain, surface and underground) highly untapped for rice production.
- Most of the rice produced in Africa is rain fed dependent and affected by vagaries of climate variabilities.
- Two-thirds of Africa countries have developed less than 20 per cent of their agricultural production and less than 5 per cent of cultivated area is under irrigation in all but four African countries

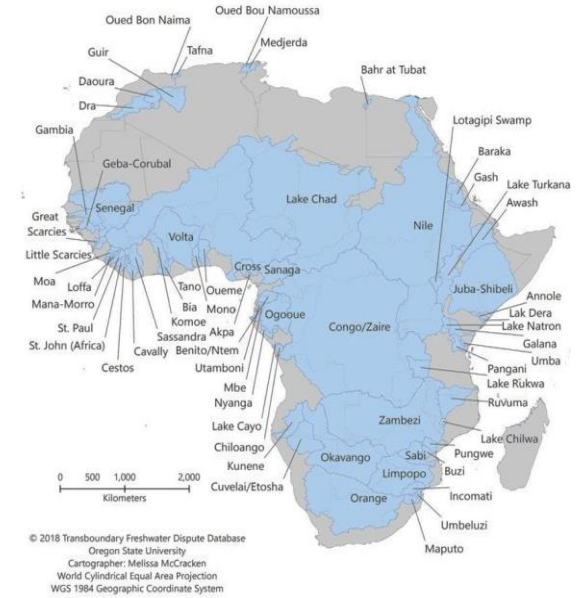
## Africa's Ground Water Resources



## Africa's Average Annual Precipitation



## Africa's Surface Water



## International River Basins of Africa

# Abundant Water Resources Cont....

- The African continent hosts some of the largest freshwater systems worldwide, characterized by a large distribution and variability of surface waters that play a key role in the water, energy and carbon cycles and are of major importance to the global climate and water resources.
- There is enough groundwater under the continent of Africa for most countries to survive at least five years of drought – and some, more than 50 years – according to research by WaterAid and the British Geological Survey (BGS, 2022).
- There are vast reserves of water right under people's feet, many of which are replenished every year by rainfall and other surface water, but they can't access it because services are chronically underfunded
- The average precipitation for 2020 based on 53 countries was 1004 mm per year. The highest value was in Sao Tome and Principe: 3200 mm per year and the lowest value was in Egypt: 18 mm per year.
- Investing in sustainable water management and agricultural practices can transform Africa's economy and improve livelihoods
- Similarly, with investment in irrigation, there will be an increase in food production, reduce the financial burden of agricultural imports, and increase food security.
- Irrigation can increase yields of most crops by 100 to 400 percent.
- In summary, strategic water management, irrigation, and climate-resilient practices can harness Africa's water resources for sustainable agriculture.

## 6. Favourable Climates

By leveraging Africa's favourable climates for rice production, investors can capitalize on these natural advantages to achieve sustainable rice production.

Regions with favourable climates typically have longer growing seasons. Allowing for multiple rice crop per year. This increases overall production and profitability for rice farmers and investors

Diverse ecological zones: Africa's varied climates support a range of ecological zones suitable for different rice varieties. Investors can choose locations that best suit specific rice types, such as upland, lowland, or irrigated rice, optimization based on local environment

**Reduced Risk of Extreme Weather Events:** compared to regions prone to extreme weather events like typhoons or prolonged droughts, areas with favourable climates in Africa may experience more stable weather patterns. This stability reduces production risks and improves yield predictability.

**Potential for Organic Rice Production:** favourable climates conducive to natural pest control and healthy soil conditions can support organic rice production. This niche market appeals to consumers seeking environmentally friendly and chemical-free agricultural products, thereby offering premium pricing opportunities

## 7. Friendly Policies

Some African governments are prioritizing agriculture as a key sector for economic development, by offering incentives for investment and reforms to improve rice production. For example policies in some countries include:

The Gambia Investment and export promotion Act 2015 provides the legal framework for investment.

Foreign investors in key sectors such as agriculture with a minimum of US\$250000 will enjoy

- Exemption from income tax for five years
- Exemption from import duty with respect capital goods.
- Exemption from import VAT for five years.

# Policies Cont.

1. **CIPRISSA** (Continental Investment Plan for Accelerating Rice Self-sufficiency in Africa): This plan underscores the importance of public-private partnerships, investment needs, and the profitability of proposed investments.
2. **Efforts in East and West African Countries:** Tanzania and Uganda have imposed tariffs (75% and 35%, respectively) on rice imports to support their emerging farmers, processors, and traders. These nations are also focusing on investing in irrigation schemes, mechanization, and the promotion of new rice varieties. In the same vein Nigeria have banned the importation of rice to attract investment and boost its domestic production.
3. **Integrated Rice Sector Development:** During the East Africa Rice Conference (EARC) 2021, prominent stakeholders outlined priorities for integrated rice sector development. These priorities include harmonized regional policies, public-private partnerships, and enhanced platforms for policy coordination and investment.



# Conclusions

- ❑ Africa has a comparative advantage and an enabling environment for investment in the agricultural sector.
- ❑ Leveraging on the government political will, abundance of arable land, a youthful population, cheap labour, abundance of water resources, favourable climates, favourable policies and strategies, the continent can attract investment in every stage of rice production (Value Chain).
- ❑ Agricultural investment will boost production, increase food security, promote health and improve the livelihoods of farmers and other stakeholders in food system..

