

DIFFERENTIATED DOMESTIC RICE MARKET IN GHANA: WHAT CAN BE DONE?

Summary:

Despite the growth in demand for rice, Ghana produces only 30% of its rice requirements and imports 70%. Locally produced rice suffer from low patronage and consumption among consumers particularly urban residents. This is due to the relatively poor quality and uncompetitive nature of domestic rice compared to imported brands. This policy paper recommends the formulation of a National Grain Standards that would essentially control quality of produce/product in terms of: Classification, Variety and Grading as well as Standard Packaging and Labeling, in terms of prescribed packaging size, packaging materials and the required information.

1. INTRODUCTION

Population growth as well as rapid urbanization and growth in income per capita, has led to structural changes in consumers' behaviour and an increase in the demand for rice. This "rice diet transition" is a phenomenon, which has been observed in other West African countries in some cases as early as the 1970s (Nigeria) and has started in Ghana in the early 1990s¹. Ghana's rice consumption has seen tremendous increase sharply. Over the last 10 years (1999-2008) rice per capita rice consumption increased from 17.5 kg to 38.0 kg. By 2018 it is estimated that it will grow to 63 kg as a result of rapid population growth and urbanization². It is predicted to increase further due to high human population growth rate of 2.8% and a shifting demand to high value staples (MOFA 2001).

¹ Report on Rice Commodity Chain Study, 2010

² JICA, 2007 The Study on the Promotion of Domestic Rice in the Republic of Ghana

Despite the growth in demand for rice, Ghana's self-sufficiency in rice production stands at about 30%, leaving a shortfall of 70%³.

“Moreover, patronage of the domestic rice is relatively low compared to imported rice. The poor quality of produce among other factors account for the shortfall”.

In attempting to improve on the acceptability and popularity of domestic rice among Ghanaians and the global market at large, the quality of produce cannot be compromised. Grains standardization therefore, comes in handy as one of the strategies for modernizing the domestic rice market.

Grains standardization contributes to improving competitiveness, quality, enhance income generation, food security and import substitution.

This policy brief seeks to identify the potential benefits of certification along the rice value chain and the form of standards that could be implemented within the Ghanaian context.

BENEFITS OF GRAIN STANDARDIZATION

Among the benefits of standardization of grains within the rice value chain include the following:

1. Grain farmers, millers/processors and other value chain actors, are assured of fair and reasonable returns due to objective and reliable basis of determining the quality, as well as price of produce/products on the market. Price incentive for producing and marketing better quality products is also achieved.
2. Improved profitability will encourage and or stimulate private sector investments in new grain production, processing and marketing technologies that could trigger improved efficiency, reduce post-harvest losses and enable the grain industry to compete in the domestic and international markets.
3. Grains standardization will contribute to the promotion of consumers' right and welfare due

to transparent and fair marketing practices whereby consumers are assured of the quality and safety of the products. Moreover, consumers can exercise their power of choice.

4. There would be a variety of competitively priced produce/products catering for various consumers in both the domestic and International markets.
5. Grains standardization would help cultivate food quality and safety consciousness among consumers.

SIGNIFICANCE OF RICE GRAIN STANDARDIZATION TO NATIONAL DEVELOPMENT

As Ghana gears up for globalization in pursuit of national development, grains standardization is one of the strategies for modernizing the agriculture sector particularly in improving the efficiency and global competitiveness of the rice industry.

This is in line with the deregulation and trade liberalization policies of the country as a member of the World Trade Organization (WTO). Increased private sector investment in modern rice production, processing and marketing technologies will enable local rice millers, for instance, to produce world class products and services that would help generate export earnings for the country.

On the other hand, with an effective enforcement of the national grains standards as part of the country's food control system, the industry would be protected from possible entry and sale of imported contaminated produce/products.

WHAT HAS BEEN DONE

Grain standardization in Ghana has seen some considerable reforms. The standardization process was initiated and spearheaded by the Ghana Rice Inter Professional Body (GRIB) and the BUSAC Fund, and later by the John Agyekum Kufour (JAK) Foundation.

“The collective effort of GRIB, BUSAC Fund and the JAK Foundation, with support from

³ Ghana Business News: <https://www.ghanabusinessnews.com/2011/10/13/ghana-has-85-trade-deficit-in-rice-maize-needs-us-official-says/>

the Ghana Standards Authority, culminated into the development of a National Rice Standards”.

GRIB is currently working with the JAK Foundation to implement the Ghana National Rice Standards.

WHAT SHOULD BE DONE?

Given the formulation of a National Rice Standards, this paper recommends the following for effective implementation and enforcement of the document.

- Government of Ghana through the Ministry of Food and Agriculture should incorporate implementation of the National Rice Standards into its strategies and programmes. This will ensure adequate allocation of resources, both human and material including funds in the Ministry’s budget for such important activities as training of Extension Officers and other relevant industry stakeholders on the standards.
- Industry stakeholders such as FBOs through their national and local leadership should cooperate with GRIB and other relevant stakeholders in training their members regarding rice standardization. Moreover, these associations should also police their own ranks and impose disciplinary actions against their erring members.

Kemiboro (2015)⁴, in an online article describes the Eastern Africa Grain Council (EAGC)'s G-Soko platform which is been implemented in East Africa together with other partners (Box 1). **“The platform is making large gains in improving market access, enhancing productivity and helping farmers to increase production, employment and income”** Kemibaro (2015).

Box 1: G-Soko Platform

The Eastern Africa Grain Council (EAGC) in partnership with Virtual City, a Kenya based IT Company, with the support of FoodTrade East and Southern Africa (Food Trade ESA) is enhancing regional trade by developing a private sector-driven structured trading platform called the G-Soko Platform. The components/building blocks of Structured Trade include: Grades & Standards, Post-Harvest Handling and Management, Storage and Warehousing & Warehouse Receipt System (WRS) as well as a Trading Platform.

The model has been based on tested market structures such as aggregation centres and certified warehouses, which store bulk goods, ensure quality and provide storage and credit facilities. This system also helps farmers to access finance and to source higher quality inputs at more affordable prices. The platform is making large gains in improving market access, enhancing productivity and helping farmers to increase production, employment and income.

Figure 1: G-SOKO Model



Source: Kemibaro (2015)

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⁴ <http://www.moseskemibaro.com/2015/07/31/eagcs-g-soko-grain-trade-platform-officially-launched/>