



“Highlights”

Sector Policy for Rice

Training BPR Agribusiness Team

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**BPR** – Rice Sector Training



Rabobank

# “Highlights” Sector Policy for Rice

- Value Chain
- Key Risks
- Target clients
- Financing Needs



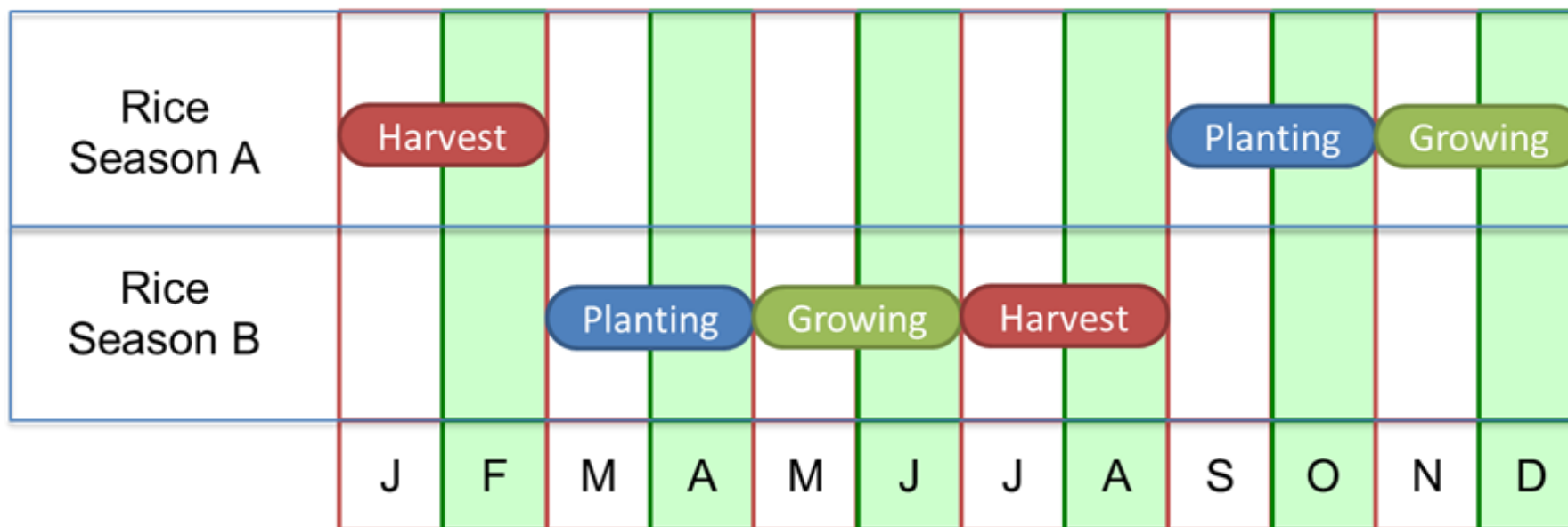


# Rice Value Chain - General

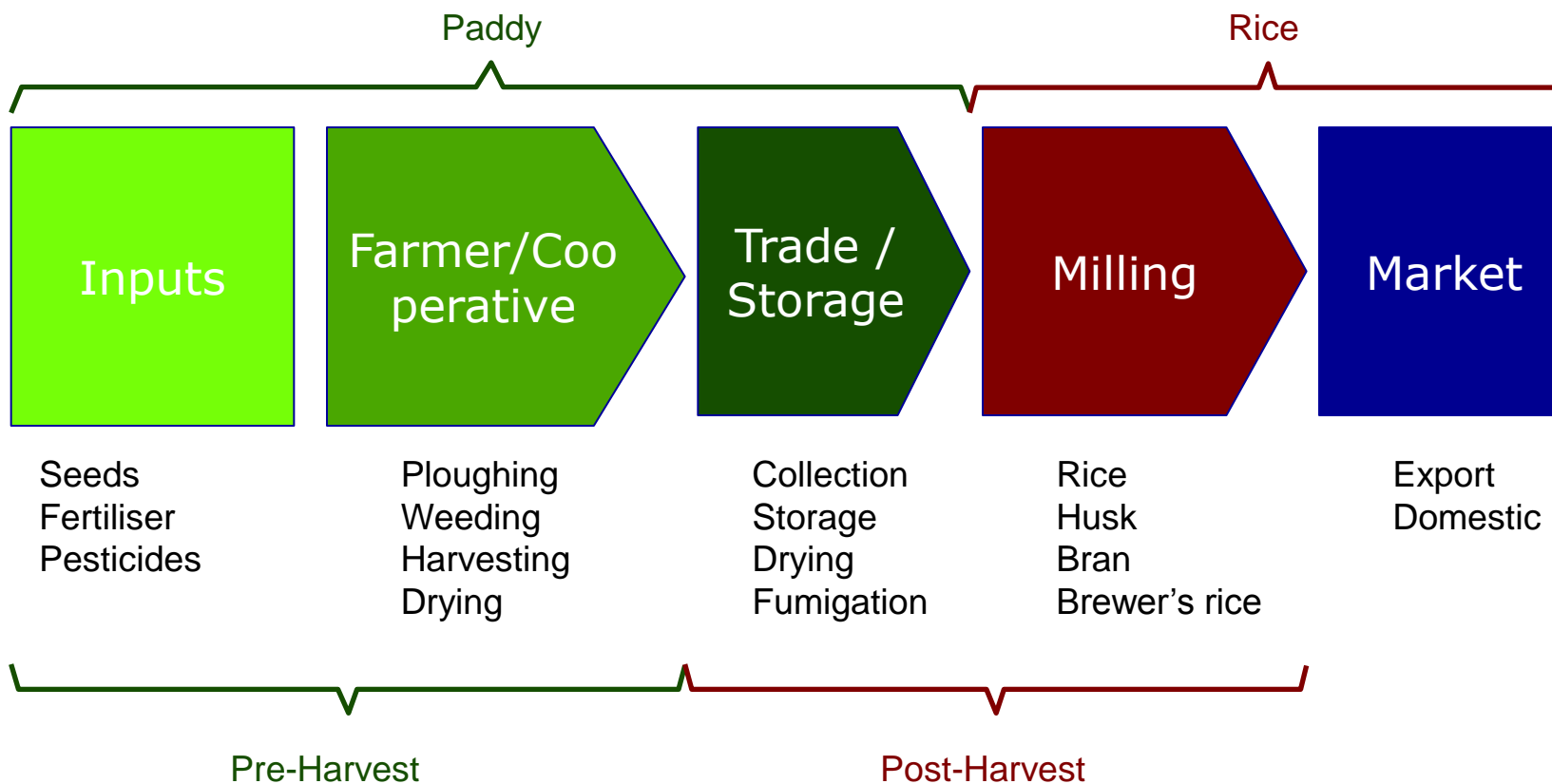
- Why do we focus on the rice sector?
  - Strong government support
  - Very significant growth over the past years
- Objectives government:
  - Self sufficiency in 2016 (approx 165,000 MT)
  - Improve competitiveness of Rwandan Rice

# Rice Value Chain - General

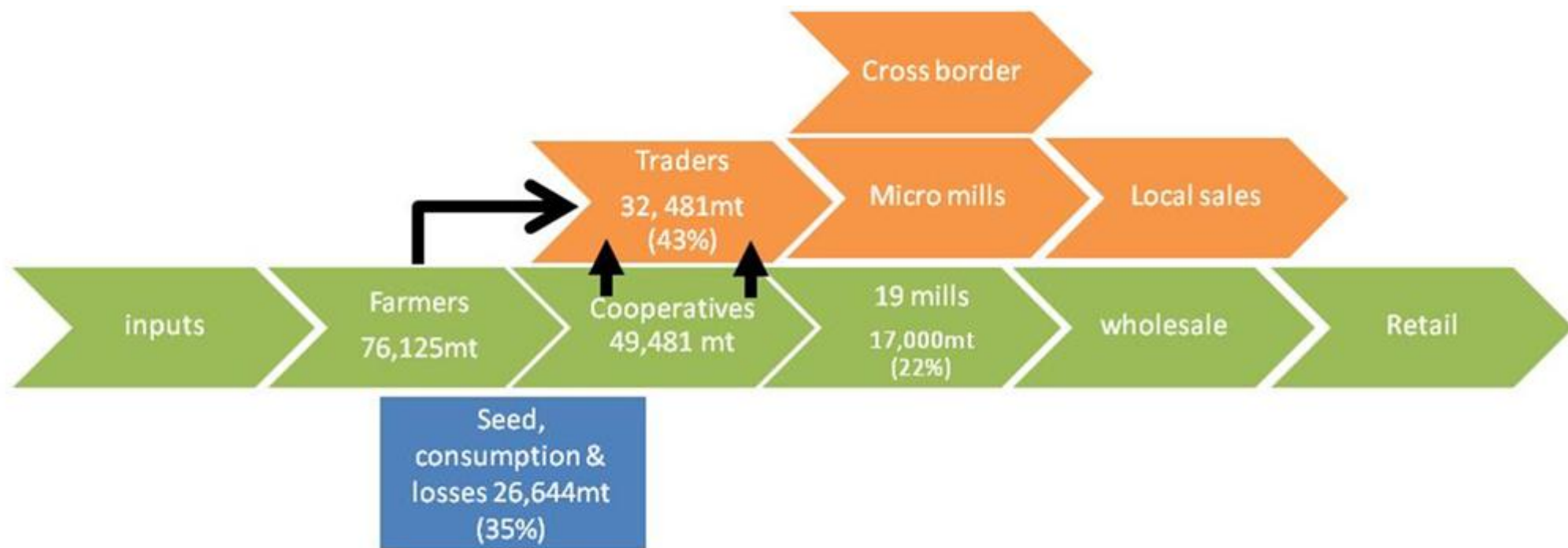
## Rice Growing Seasons in Rwanda



# Rice Value Chain - Overview



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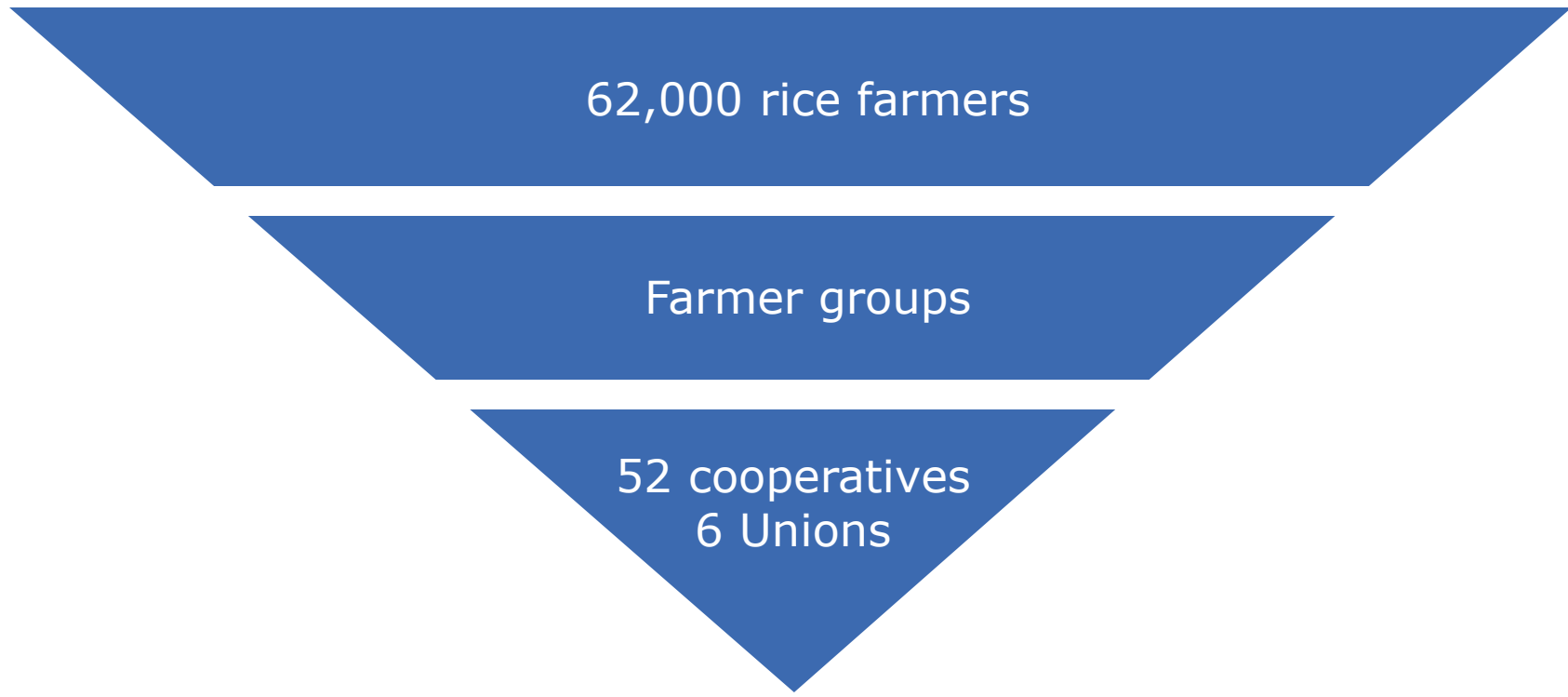
Source: field research Rabo Development in 3 districts, 19 mills  
Note: milling capacity is based on 2 shifts (80hours/week), 50 weeks per year



# Rice Value Chain - Inputs

- Seeds: mainly multiplied and distributed through formal public institutions (some cooperatives have licenses as well)
- Fertilizers: expensive and availability is limited
- **Inputs reach farmers mainly through cooperatives!**
- Multiple government schemes


# Rice Value Chain – Farmer/Cooperative





# Rice Value Chain – Farmer/Cooperative

- Well defined rice growing areas: the irrigated marshlands
- Average size: 16 are (1600 m<sup>2</sup>)
- Production costs: 100 – 120 RWF / kg
- Productivity: 5 MT/ha / year



# Rice Value Chain – Storage / Trade

Why is rice sold informally?

- Low prices paid by cooperatives
- Late payments by cooperatives

# Rice Value Chain – Milling (Post Harvest)

- Number of rice mills: 19
- Rice mills under development: 3
- Total milling capacity: 140.000 MT / year (two shifts)
- Total production: 70.000 MT
- Cooperatives: 50.000 MT
- Current utilisation approx 34% (future 41%)

# Rice Value Chain – Milling (Post Harvest)

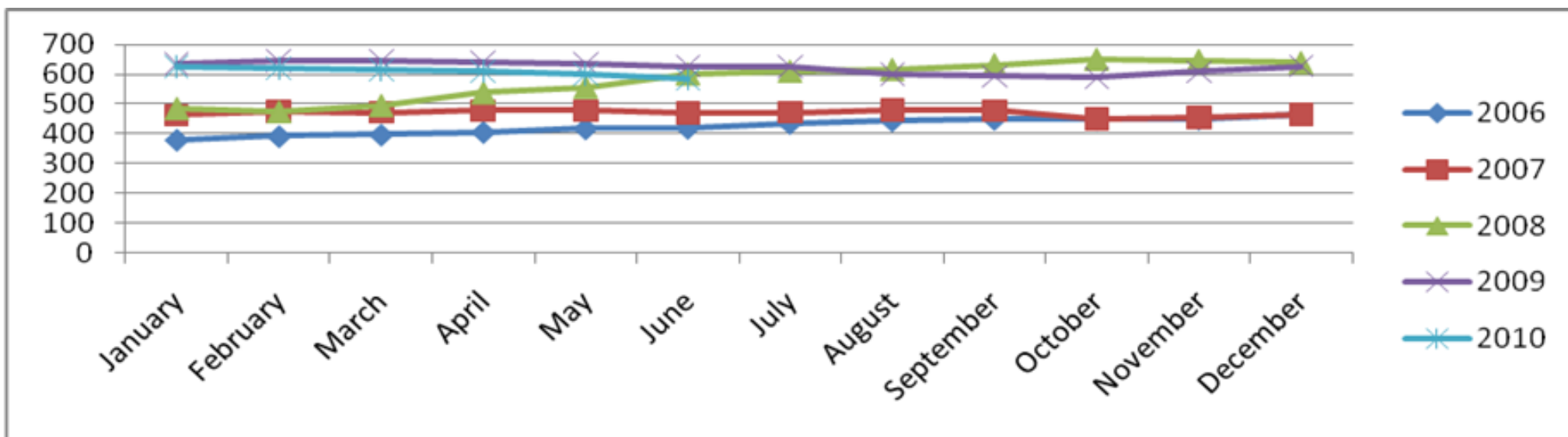
- Poor quality assurance in locally produced rice
- How to improve the quality of the rice?
  - Adequate supervision of milling operations (RBS); and/or
  - Regulation of milling operations; and
  - Technologies and raising awareness on handling at harvesting, drying, winnowing and storage by producers (e.g. via USAID)



# Rice Value Chain – Market

- Tariff free imports from EAC countries
- 30% external tariff for rice imported from outside EAC countries
- Traders of rice must be registered
- Rwandan rice largely sold through rural markets
- Urban markets largely sell imported or rice from selected mills (ICM)

# Rice Value Chain – Market



Source: MINAGRI



# Rice Value Chain – Market

Large price differential locally produced rice and imported rice due to quality difference

- Locally produced rice      RWF 650 – 700 / kg
- Imported rice                      RWF 900 / kg

# Rice Sector – Key risks

Key risks	Mitigants
Low quality of the rice	Choice of varieties, handling at harvesting, drying, winnowing, storage and regulation of milling
Post harvest losses	Handling at harvesting, drying, winnowing and storage
Informal sales by farmers and cooperatives	Integrated value chains, contracts
Price risk	Financing amount based on market prices, off-take contracts
Under utilisation of mills	Selection of mills



# Rice Sector – Target Clients

- The best cooperatives (management, financials, integration, track record)
- The best unions (see above)
- The best mills (capacity utilisation, integration, financials)

# Rice Sector – Financing Needs

	Input finance	Raw material collection finance	Inventory finance	Asset Finance
Farmers				
Cooperatives	X	X	X	X
Unions	X			
Mills			X	X