“Highlights”

Sector Policy for Rice

Training BPR Agribusiness Team

Elies Fongers & Marc van Strydonck

Kigali, July 2012

“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

	J	F	M	A	M	J	J	A	S	O	N	D
Rice Season A	Harvest	Harvest							Planting	Planting	Growing	Growing
Rice Season B			Planting	Planting	Growing	Growing	Harvest	Harvest				

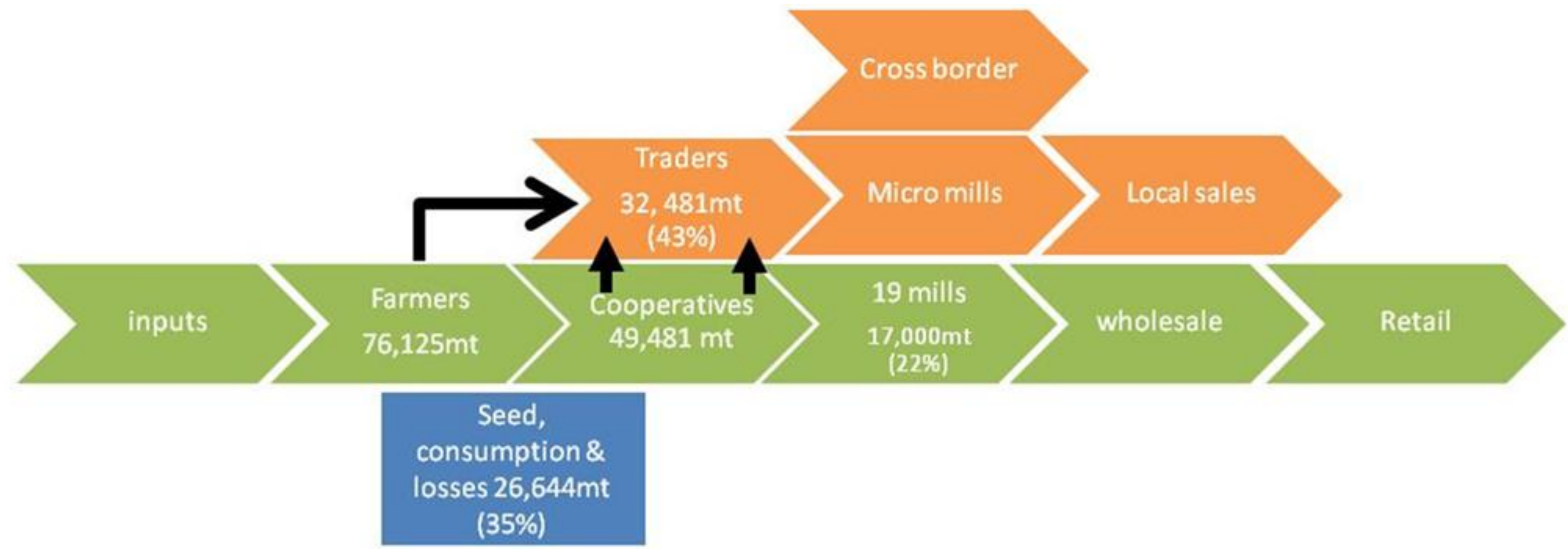
Rice Value Chain - Overview

Paddy | Rice

Inputs	Farmer/Cooperative	Trade / Storage	Milling	Market
Seeds Fertiliser Pesticides	Ploughing Weeding Harvesting Drying	Collection Storage Drying Fumigation	Rice Husk Bran Brewer’s rice	Export Domestic

Pre-Harvest | Post-Harvest

Rice Value Chain- Overview



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

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Rice Value Chain – Farmer/Cooperative

62,000 rice farmers

Farmer groups

52 cooperatives
6 Unions

Rice Value Chain – Farmer/Cooperative

- Well defined rice growing areas: the irrigated marshlands
- Average size: 16 are (1600 m2)
- 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%)

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Rice Value Chain – Milling (Post Harvest)

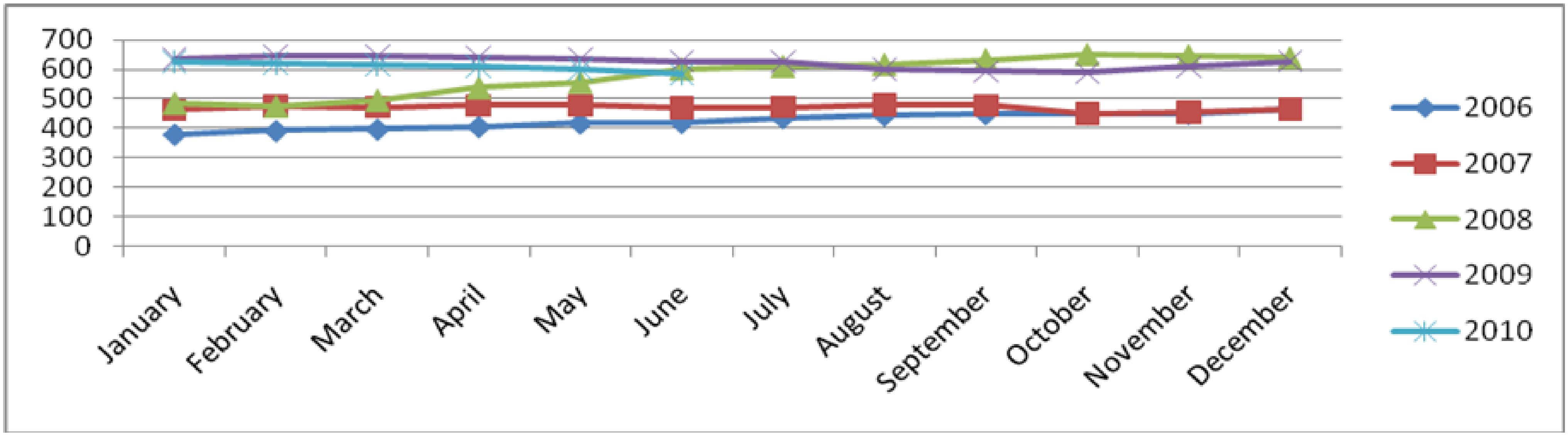
- Poor quality assurance in locally produced rice

- 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