“Highlights”
Sector Policy for Rice
Training BPR Agribusiness Team
Elies Fongers & Marc van Strydonck
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BPR – Rice Sector Training
“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

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<tbody>
<tr>
<td>Rice Season A</td>
<td>Harvest</td>
<td>Growing</td>
<td>Planting</td>
<td>Harvest</td>
<td>Growing</td>
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<td>Rice Season B</td>
<td>Planting</td>
<td>Growing</td>
<td>Harvest</td>
<td>Planting</td>
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Rice Value Chain - Overview

Inputs
- Farmers 76,125mt

Cooperatives 49,481 mt

Traders 32,481mt (43%)

Cross border

Micro mills
- 19 mills
- 17,000mt (22%)

Local sales

Wholesale

Retail

Seed, consumption & losses 26,644mt (35%)

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

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%)
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

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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

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

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<th>Input finance</th>
<th>Raw material collection finance</th>
<th>Inventory finance</th>
<th>Asset Finance</th>
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<tbody>
<tr>
<td>Farmers</td>
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<tr>
<td>Cooperatives</td>
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<tr>
<td>Unions</td>
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<tr>
<td>Mills</td>
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