Sector Policy Training

Sector Policy

BPR Agribusiness Team

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BPR – Sector Policy Introduction
Why a Sector Policy?

- Every sector is different, even within agribusiness
- Specific sector issues in Rwanda
- Main factors and/or drivers of sector
- Needs, opportunities and risks
- Specific financing solutions
Sector Policy – What For?

**Sector policy use**
- Significance of sector in Rwanda (land use, economic, importance)
- Technical and financial aspects of sector
- Key players in value chain
- Identification of needs, bottle necks and risks
- Guide for client and credit approach
- Background information for reports & applications
- Base for discussion and improvement
Sector Policy - Content

**Sector Policy - Contains**
- Quick Guide – Summary
- Value Chain
- Financing Needs
- SWOT
- Risks

**Sector Policy - Does not contain**
- Finance Product Details (see specific product descriptions)
- Crop Data (see crop data sheet)
**Sector Policy – Quick Guide**

*What is the Quick Guide?*
- Summary of 1 or 2 pages
- Key information about Value Chain
- Essential factors of risk
- Main financing opportunities for sector

Quick reference but no substitute to good understanding of sector
The Value Chain
- Different factors and issues along the value chain
- Crucial elements of the chain for each crop
- Negligible or not applicable chain elements
- Timing and importance
**Sector Policy – Financing Needs**

**Financing Needs**
- Stages and timing of financing in value chain
- Significance of financing needs
- Specific financing risks
- Potential sources of financing and repayment
- Opportunity for bank finance?

Identifying financing needs does not mean bank should be involved!
Sector Policy – SWOT

**Strengths, Weaknesses, Opportunities & Threats**

- Strengths & Weaknesses are internal
- Opportunities & Threats are external
- Client’s strengths & weaknesses may be different!
- Policy SWOT is indicative, needs adjustment
- Helps identify key risks and opportunities
Sector Policy – Risks

**Sector Risks**
- Identification of main risks in context of sector
- Highlight of essential risks linked to specific finance product
- Illustration of potential risk mitigation to be considered
- Specific client risks are different from general sector risks

Risk assessment is not solved by the value of collateral!
**Conclusion**

- Sector policy document is a guide not a solution
- Each client, region, context is different, verify sources!
- Sector policy is knowing what and where to look for the answer
- Agribusiness is a living science, the policy must be a living document:
  - Reference to specific finance product documents
  - Reference to central sector data sheet
  - Exchange and discussion of available information