



“Highlights”

Sector Policy Maize

Training BPR Agribusiness Team

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BPR – Maize Sector Training



Rabobank

Highlights – Sector Policy for Maize

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



Maize Sector in Rwanda – Key Figures

- About 150,000 hectares used for maize production
- Production of 400 – 700,000 MT in 2-3 seasons
- Average yields 1 – 2.5MT/ha per season
- Lack of adequate seeds and suitable fertilisers



Maize Sector Policy - General

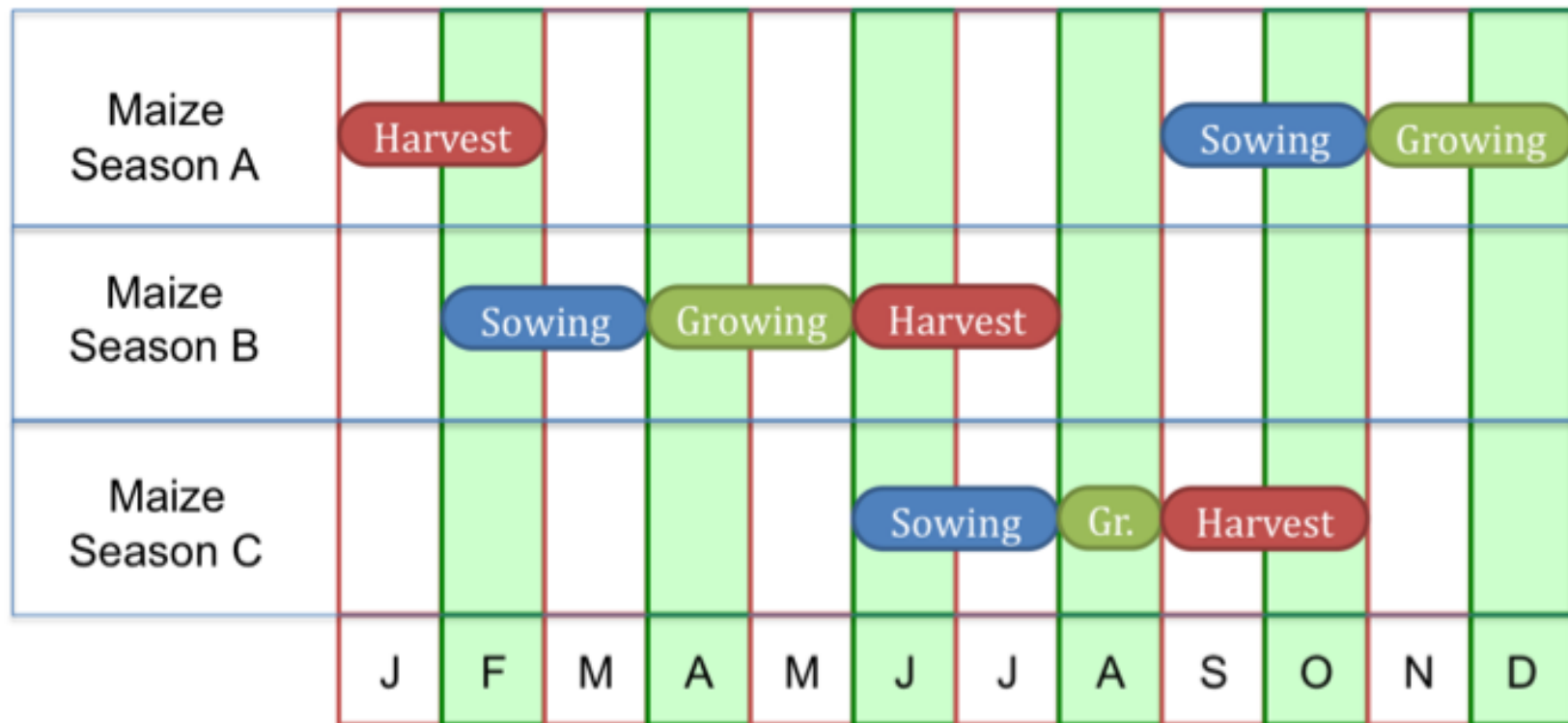
Why do we focus on the maize sector?

- Strong government support (CIP, Subsidies)
- Very significant growth over the past years
- Potential for self-sufficiency
- Significant financing needs & opportunities

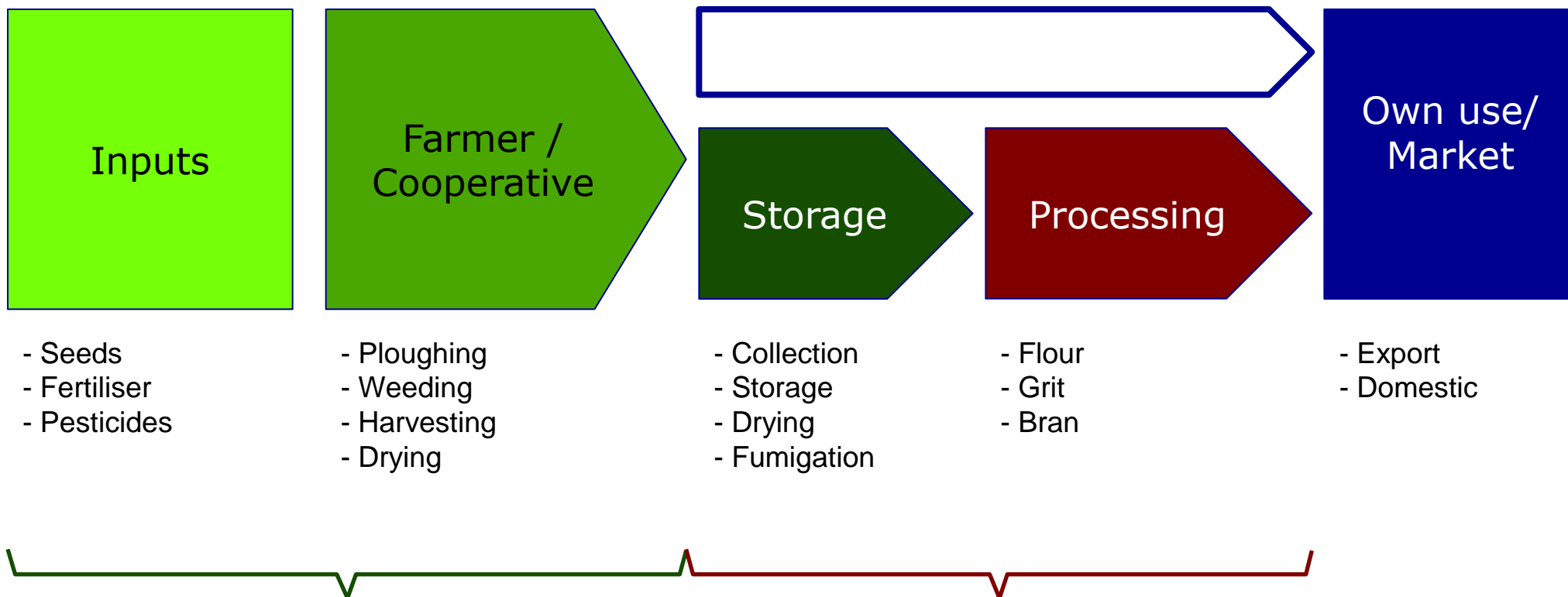


Maize Sector Policy - Seasons

Maize Growing Seasons in Rwanda



Maize Value Chain



Pre-Harvest

Post-Harvest



Maize Value Chain - Inputs

Maize inputs

- Seeds are distributed for free or without payment until after harvest (Availability of seeds can be problem)
- Fertiliser, currently with 50% subsidy (voucher system)
- Pesticides, often available free of charge

Inputs (less than 10% of production costs) through cooperatives!



Maize Value Chain – Farmer/Cooperative

Maize farming

- Maize part of the “Crop Intensification Program” with land consolidation and specific Minagri support
- Maize is a “relatively” new crop in Rwanda
- Average yields are low, maize is very sensitive to lack of water and fertilisers



Maize Value Chain – Storage

Maize storage

- Current post-harvest losses estimated at 30%
- Adequate storage lacking, essential part of national objectives
- Storage requires good drying, grading and pest control
- Storage essential for raw material collection finance or inventory finance solutions



Maize Value Chain - Processing

Maize processing

- About 100 small mills and 2 large commercial mills
- Milling of maize is compulsory for commercialisation
- Products are Flour, Grit & Bran (uses for food, brewing & animal feed)
- Only fraction of total maize production is processed (20-25%)



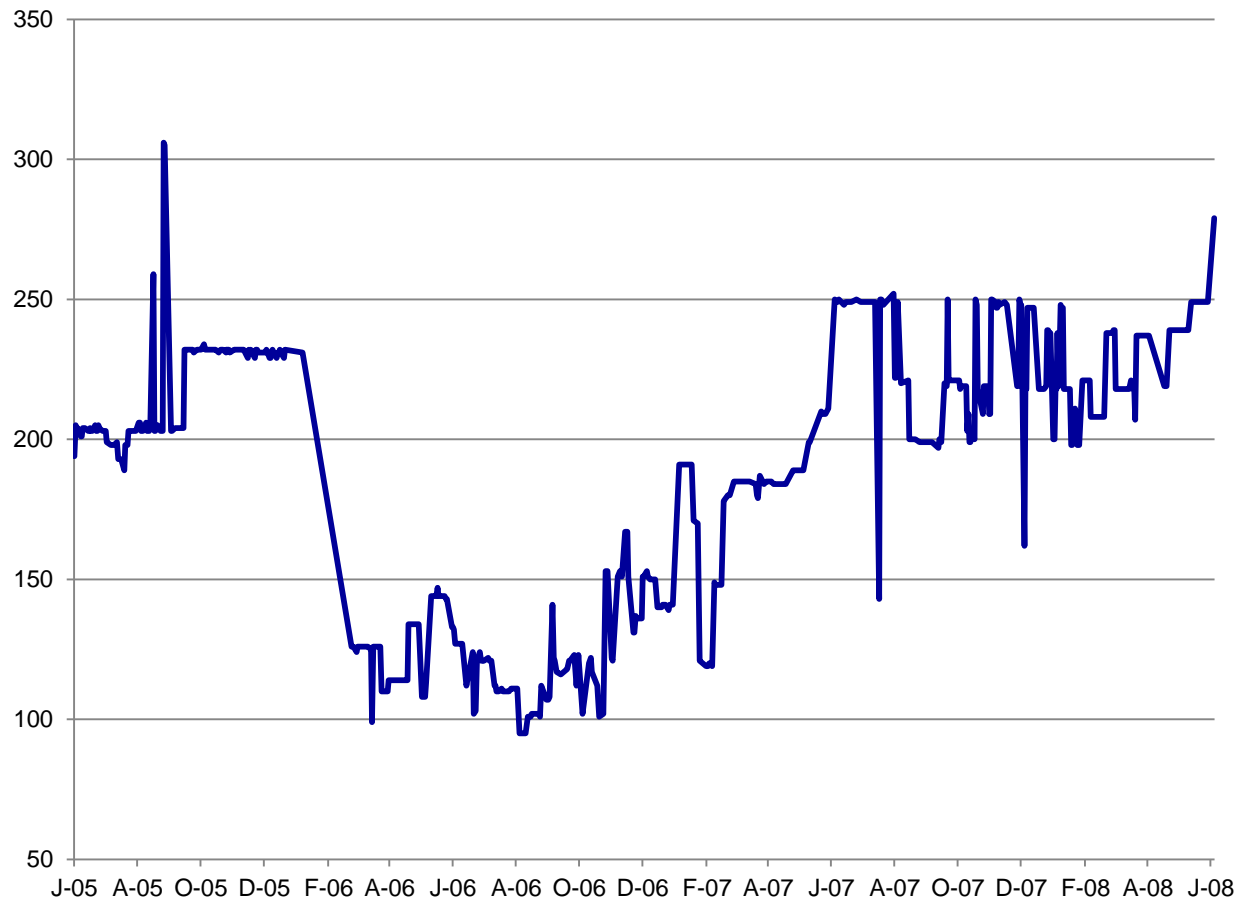
Maize Value Chain – Market

Maize market

- Maize prices are volatile
- Minimum maize price is set by government (RWF 150/kg), but current price high (RWF 250/kg)
- Majority of maize is sold on domestic market, some exports to DRC
- Market demand not fully met by domestic production



Maize Value Chain – Market



Maize Sector – Financing Needs

	Input finance	Raw material collection finance	Inventory finance	Asset Finance
Farmers	Sarura			
Cooperatives	X	X	X	X
Store Operators		X	X	X
Processors			X	X

Maize Sector – SWOT

<p><u>Strengths</u></p> <ul style="list-style-type: none">- Suitable soil & climate (eastern half of Rwanda) for maize production- Potential for 2 crops per year- Strong government support- Large areas of suitable land to develop maize production- Better quality maize than neighbouring countries	<p><u>Weaknesses</u></p> <ul style="list-style-type: none">- Relatively new crop for farmers in Rwanda (lack of expertise)- Limited availability of adapted seeds- Low yields- Not cost competitive with some neighbouring countries- Lack of “cooperative” experience and management skills
<p><u>Opportunities</u></p> <ul style="list-style-type: none">- Large areas of land available for maize production expansion- Unsatisfied domestic demand and export market potential in DRC	<p><u>Threats</u></p> <ul style="list-style-type: none">- Regional competition- High risk of crop failure in case of inadequate rain or fertiliser- High degree of government intervention

Maize Sector – Target Clients

Target clients

- Cooperatives
- Storage operators
- Processors



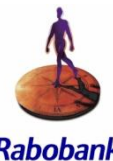
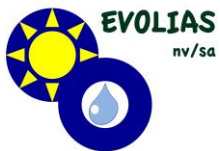
Maize Sector – Risks

Key risks	Mitigants
Low yields of maize	Training and experience of farmers, adequate farming techniques & fertilisation
Post harvest losses	Adequate drying, grading, pest control and storage infrastructure
Side-selling of fertiliser (subsidised) and grain	Integrated value chains, contracts with cooperative
Price risk: intervention by government and impact imports	Financing amounts based on market prices

Maize Sector – Case Study

Maize case study

- Maize & bean cooperative with 350 members
- Annual turnover of cooperative in 2011 was RWF 100 million (maize only)
- Requesting RWF 80 million annual working capital finance
- Cooperative owns storage with capacity of 350MT
- Off-take agreement with WFP for 300 MT
- Cooperative has RWF 10 million in cash
- Cooperative management has good reputation & track record



Maize Sector – Case Analysis

Case study analysis

- Is financing request in line with actual cooperative needs?
- What are the main risks?
- How to mitigate the risks?
- How secure is the repayment?
- Does the bank need additional collateral? In what form?
- Is the income from other activities important?
- Which key questions need to be asked from the cooperative?