

Country Update

Leveraging International Support Mechanisms to Tackle Climate Change: Views from Rwandese Agro-Industries

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How climate change is impacting agro-industries?

How climate change is impacting Rwandese businesses?

Rwanda has experienced a temperature increase of 1.4°C since 1970 to date¹, higher than the global average, and can expect an increase in temperature of up to 2.5°C by the 2050s from 1970. Rainfall is highly variable in Rwanda but average annual rainfall may increase by up to 5-10% by the 2030s from 1970². Consequently, climate related incidences leads to torrential rainfall events, floods, draughts, storms and landslides. Indeed, Rwanda is currently highly vulnerable

to climate change as it is strongly reliant on rain-fed agriculture both for rural livelihoods and exports of tea and coffee.

The baseline climate change vulnerability index for Rwanda shows that in particular, the current strong dependency on natural resources makes economic activities directly dependent on climate conditions. Without sound environmental management, development activities in key sectors such as agriculture, industry, infrastructure, commerce, and energy can lead to significant environmental degradation that can undermine economic growth. Economic impacts are likely to be exacerbated by climate change, which through increased occurrence of floods, landslides and droughts, is likely to increase damage to infrastructure and property. Research has estimated that climate change could result in additional net economic costs (on top of

¹ Republic of Rwanda, 2011. Green growth and climate resilience – national strategy for climate change and low carbon development

² IPCC Fifth Assessment Report 2013, p. 1358.

existing climate variability) for Rwanda that are at least equivalent to a loss of almost 1% of GDP each year by 2030³.

A survey conducted revealed that most of agro - processing industries in Rwanda have been affected by climate change impacts in different ways. Some of agro processing industries confirmed that their infrastructure has been damaged by floods, and others asserted that their production has been affected due to shortage of raw materials which are depending on the rain fed agriculture.

An official from Inyange industry (prefer to not be mentioned), the biggest agro processing industry in Rwanda which is producing juice, yogurt and milk, confirmed that during wet season of May 2012, Inyange industry was affected by floods into the surrounding and inside their premises. It took time to put everything in the order since some infrastructures (machine, houses, and stores) and products had been seriously damaged.

Furthermore, Mr Richard from URWIBUTSO NYIRANGARAMA Enterprise, another big agro processing enterprise producing various products like Juice, yogurt, pepper, mineral water, bread,... revealed that climate change impacts (including drought in eastern part of the country and floods in western and northern part of country) affected negatively their production. They did not get enough raw materials (fruits, vegetables and other needed agriculture products) for their production facility. Hence, this had a negative impact to the whole production and market system of the enterprise.

How do they deal with climate change challenges? What type of

³ Republic of Rwanda, 2013. Economic Development and Poverty Reduction Strategy II, 2013 -2018.

⁴ Republic of Rwanda, 2012. Rwanda Vision 2020. Revised ed. 2012.

mitigation/adaptation actions have they put in place?

The major goal to alleviate and adapt to the climate change in Rwanda is to continue to put in place strategies aiming at increasing resilience and reducing vulnerabilities of communities to climate change impacts by focusing on developing and implementing eco-friendly policies and strategies in all sectors of the economy⁴. For the 'green economy' approach, priority area focuses on two targets related to (i) green urbanisation and (ii) the promotion of green innovation in industrial and private sectors⁵.

The results of interviews on how agro processing industries are coping with climate change impacts revealed that there are different adaptation measures taken at different levels of supply chain.

Mr Francois from Kinazi Cassava Plant, from an agro processing organization (located in the Amayaga region, Southern Province which is known as water stressed area) producing cassava flour that can be conserved and used after a long period of time, asserted that they invest a lot in educating and mobilizing cassava growers on climate change impacts. They advise them to implement the following climate change adaptation measures: using various irrigation scheme but focusing on drip irrigation; investing in rain water harvesting which can be used later for various purposes to increase their productivity; using agroforestry techniques in their fields so that it can help to sustain the soil; and selecting climate resilient seeds which are appropriate to their agro climatic conditions.

In addition, Richard from URWIBUTSO Nyirangarama Enterprise also stipulated that to

⁵ Republic of Rwanda, 2013. Economic Development and Poverty Reduction Strategy II, 2013 -2018.

deal with climate change impacts at different stages of supply chain, they first invest in the rural feeder roads which help them to transport the raw materials (eg. Fruits) from field to their facilities (plant). Indeed, avoiding to put their facilities downhill or in the wetland help them to make their facilities resilient to climate change impacts like floods.

On another hand, Aloys from FUCORIRWA “Fédération des Unions des Coopératives Rizicoles au Rwanda” submitted that coping techniques with climate change impacts in their rice cultivations need to protect the whole watershed since most of their rice cultivation are located downhill or in the wetland. He insisted that they cooperate with their neighbors to protect their watershed by putting terraces and planting trees in their fields to avoid a lot of erosion which may impact negatively to their rice cultivation.

Mr Alex from Kitabi tea factory also submitted that climate information is very crucial to avoid various losses associated to climate variability. He stressed that early warning systems through weather prediction and communication well in advance help them to know when to plant and when to do not plant considering agro climatic conditions.

How international support mechanisms might help Rwandese agro-industries in facing climate change?

United Nations Framework Convention on Climate Change has put in place various mechanisms to support developing countries in particular Least Developed Countries (LDCs) to implement climate actions reducing vulnerability on the ground. Some of the funds are the following: Global Environment Facility

(GEF), Adaptation Fund (AF), First Start Finance (FSF), Least Developed Countries Fund (LDCF), Green Climate Fund (GCF), and Clean Development Mechanism (CDM), to name a few. In addition, International partners also have put in place various mechanisms to provide funds for environment and climate change in general. Those International partners includes financing institutions like World Bank, African Development Bank, East African development Bank, DFID, USAID, SIDA, CTB and others.

However, the survey portrayed that most of the Agro-processing industries representatives are not aware of the above mentioned funds and financing mechanisms.

On another hand, Mugabo from MINIMEX which is a maize grain milling plant asserted that he is aware of Rwanda environment and climate change fund known as FONERWA. Even though he is not yet applying to this fund. He added that he recognizes the efforts Rwanda is doing to mobilize resources to combat climate change impacts. He confessed that even though MINIMEX is not yet submitting any proposal to this fund they are aware of it and its procedures.

How international support mechanism/programs can be make easier to use/leverage?

Different development banks at regional and national level can provide loans to private sector at the same rate of interest, without any special consideration to small and medium enterprises (SMEs). This can limit SMEs to access finance. However, most of the people interviewed portrayed how support mechanism can be made easier to use or access the available finance in the following ways:

- “International financing mechanisms can put in place a guarantee fund which can help SMEs, as they normally do not have any guarantee to give to any banks, so that

they can access a loan to start or to boost their business” said Mr Julius from AZAM Ltd.

- Mr Thadee from Sosoma industries Ltd also asserted that “International financing mechanisms can put in place an insurance scheme which is targeting agriculture sector due to unpredictable climate change impacts on this sector. For instance, if a small enterprise holder can request a loan in the bank and he or she invest all the money in growing pineapples, which are supposed to be the raw materials of his or her small juice making plant, and then the floods wash away everything he planted. Normally, the consequences of this is the failure of paying back the loan with interest and the close of the business. However, with this insurance scheme, they can refund him or her the money invested in growing those pineapples and he/she can be able to sustain his/her business.
- Mrs Berthilde from BN Ltd also suggested that “International financing mechanisms can put in place a special guarantee fund for women and youth since they are the majority of active population in Rwanda but without enough capital to invest in/start any business”. She added that this can also promote gender equality in the agro processing industry, helping women that are the most vulnerable to climate change impacts in Africa.

What type/form of support do you need the most / will be more relevant when helping coping with climate change?

Mr Francois from Kinazi Cassava Plant, confirmed that the type of support they need is funds to would give not only the necessary capital to cooperatives of Cassava growers, but

also would reinforce the programs of mobilization/education of cassava growers on how to better adapt to climate change impacts. In addition to capitals, funding / supports for other activities that can climate proof their agricultural and agro-industrial activities like irrigation, rain water harvesting and availing selected climate resilient seeds which are appropriate to their agro climatic conditions, should be promoted.

Furthermore, Richard from URWIBUTSO Nyirangarama Enterprise affirmed that the support needed most is to invest in the construction of user friendly rural feeder roads and other infrastructure which will ensure a convenient transport to all people living in the vicinity of all fields of Nyirangarama. This can also contribute to poverty eradication in the neighborhood.

Indeed, Mr Aloys from FUCORIRWA believe that the most useful support to adapt to climate change can be to avail resources to relocate all infrastructures which are in the wetlands to minimize their risks to be flooded.

General recommendations to policy makers and climate negotiators

There are many recommendations to policy makers and climate negotiators on the way forward, **especially in the context of COP22 negotiations**, but find below the main ones:

1. We are requesting Rwanda to intensify the programme of resource mobilization so that we can be among the vanguards to implement Paris Agreement which will be into force in few days to come (4th November 2016).
2. Policy makers must increase their outreach programme so that all stakeholders especially agro processing industries representatives can

be aware of all international, regional and national climate funds available and conditions of accessing those funds.

3. Policy makers must create a conducive structure in the country permitting to access climate funds from Green Climate Fund and other UNFCCC financing mechanisms, especially accessing 100 Billion USD pledged by developed countries through Paris Agreement.

4. Negotiators must pay attention on issues related to Agriculture in Ad Hoc working group on Paris Agreement (APA) so that it will facilitate the implementation of Nationally Determined Contributions.

5. Climate Negotiators must ensure transparency on climate financing issues by adopting an MRV system (Measuring, Reporting, and Verification). In addition, they must negotiate in a manner that developing countries are getting the necessary and useful support they need (i.e. benefiting from more

grants in adaptation to climate change impacts, having insurance scheme as well as guarantee fund to cope with climate change impacts in agriculture sector).

6. Decision makers and Negotiators need to strengthen communication and involve many stakeholders before and after all climate negotiation sessions.

7. Policy makers must be proactive and benefit from UNFCCC technology transfer scheme through Climate Technology Centre and Network (CTCN).

8. Including many private sector representatives especially representatives of agro processing industries in the country delegation to attend climate negotiation will not only help to build their capacity, but it will also facilitate to network with various international partners and funders.



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