



PACT EAC2

Promoting Agriculture, Climate and Trade
Linkages in the East African Community



Rwanda

Towards Effective Implementation of the Industrial Policy for Agro-processing

Reaching out Agro-processors
through a National Agro-processing
Forum

John Bosco Kanyangoga

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Rwanda

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In his career of more than 15 years, he has been actively involved in major trade related negotiations that Rwanda has been engaged in bilaterally, regionally and at the multilateral level. He is also a member of the National Trade Policy Forum (NTPF) and is among the lead technical negotiators that articulated Rwanda's interests in the EAC-EU Economic Partnership Agreement (EPA), the COMESA-EAC-SADC Tripartite Free Trade Area (TFA) and the Agreement establishing the African Continental Free Trade Area (AfCFTA). He has carried out and written a number of studies, briefs and policy papers on a number of topics, including on; trade in services, movement of persons, free movement of goods, export promotion, free trade agreements, amongst others.

John is also a policy, legal and regulatory advisor to the Rwanda Mining Association (RMA) and has facilitated a number of companies including foreign companies in regard to business registration, obtaining licenses, regulatory compliance, contracts negotiations, amongst others.

Acronyms

BDF	Business Development Fund
DMRS	Domestic Market Recapturing Strategy
EAC	East African Community
EU	European Union
EDPRS	Economic Development and Poverty Reduction Strategy
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoR	Government of Rwanda
ICT	Information Communication Technology
IDEC	Industrial Development and Export Council
MIFOTRA	Ministry for Public Services and Skills
MINAGRI	Ministry of Finance and Economic Planning
MINICOM	Ministry of Trade and Industry
MIR	Made In Rwanda
NAPF	National Agro-Processing Forum
NTPF	National Trade Policy Forum
NRG	National Reference Group
PPD	Public Private Dialogue
PSF	Private Sector Federation
PSD	Private Sector Development
RDB	Rwanda Development Board
RRA	Rwanda Revenue Authority
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
ToRs	Terms of Reference
TWG	Technical Working Group
WB	World Bank
WTO	World Trade Organisation

Executive Summary

This study was commissioned by ACORD Rwanda, with support from CUTS International, with a view of assessing the best ways of implementing Rwanda's industrial policy for agro-processing and purposely to bring on board the views of key players and stakeholders countrywide, especially those who are directly involved in agro-processing, to work together and to be coordinated within the National Agro-processing Forum (NAPF). While conducting this research, interviews were carried out with a number of people including key officials at the Ministries of Trade and Industry (MINICOM), Ministry of Agriculture and Animal Resources (MINAGRI), as well as key private stakeholders engaged in activities related to the agro-processing business. All this was in addition to the desk-top research that was done by reviewing a number of relevant national policies and strategies. Recommended by the stakeholders in the third meeting of the National Reference Group (NRG3), the scope of this study is to assess what is needed to ensure an effective implementation of the industrial Policy for agro-processing development that is conscience of the linkages between climate change, food security and trade, through the creation of a National Agro-Processing Forum (NAPF) within the Industrial Development and Export Council (IDEC) structure. The IDEC's Secretariat is housed in the Ministry of Trade and Industry (MINICOM), and the same Ministry also chairs IDEC's meeting in addition to providing secretarial role.

In light of the above, the purpose of this study is to propose the main features of a possible National Agro Processing Forum (NAFP), including its mandate, objectives, composition, institutional framework and thematic areas, which are to be covered towards promoting climate-aware, trade-driven and food security-enhancing agro-processing development. More specifically, the study focused on the following key elements:

- Reviewing the developments of agro-processing in Rwanda;
- Establishing the best way of implementing Rwanda's industrial policy for climate-aware, trade-driven and food security-enhancing agro-processing development;
- Articulating the rationale of having the National Agro-Processing Forum (NAPF), and its added value in agro-processing development;
- Bringing on board key institutions and stakeholders including MINICOM, Private Sector Federation (PSF), and private stakeholders who are currently involved in agro-processing in Rwanda;
- Conducting a countrywide survey in gathering relevant information and the views of agro-processing businesses in Rwanda; and
- Providing actionable recommendations towards establishing a NAPF.

Currently, agro-processing is the largest manufacturing sub-sector in Rwanda. According to Mr. Samson Bimenyimana, a researcher in agro-processing and biotechnological research at the National Industrial Research Agency (NIRDA), *“Agro-processing sector output is currently worth Rwf197 billion in food and beverages production alone which is about 70 per cent of total manufacturing. It is the emerging sector in our economy considering its role in employment, income generation and food security.”* Nonetheless, the sector is not yet fully developed to fully address the national

needs especially in the area of food security. According to the Comprehensive Food Security and Vulnerability Analysis (CFSVA) Report (2015) by the National Institute of Statistics of Rwanda (NISR), Rwanda's domestic food production does not fully satisfy the demand for inputs by agro-processing firms (both with regards to quantity and quality of inputs). This reality also affects food security in general as the same report further states that only 80% of all households are food secure (they are able to meet essential food targets without engaging in atypical coping strategies, they have an acceptable diet and use a low share of their budget to cover food needs). This leaves the other 20% of all households food insecure.

To fully unleash the potential of agro-processing in Rwanda, there is a need to first address challenges in the sector. Some of these challenges are related to low levels of technology as reported by NIRDA officials. For example in cassava processing, 100% of Small and Medium Enterprises were found to operate manually while 48% of local maize processing industries operate manually. Other longstanding challenges revealed by the agency include low capacity in research, low innovation for product development, lack of product diversification and weak linkages with research development institutions and the rest of the private sector. For Mr. Bemenyimana (NIRDA Official), other challenges include lack of adequate knowledge and skills in regards to processing as well as the lack of proper information systems on the agro-processing industry.

Further still, there are trade related challenges where the raw materials are not enough to support inputs. This issue a lack of raw materials to be processed further translates into a food security threat because when there is no food to process, then there is not enough processed food to sell in the market. It starts as a trade related challenge but later becomes a food security challenge. Then there are also climate change related challenges especially given the strict environmental protection measures that are in place in Rwanda.

In Rwanda, most of the climate-related challenges faced by agro-processors that hamper the development of agro-processing are linked to the fact that food production on which agro-processing is dependent on is vulnerable to climate change effects. To contextualize this reality is the reminder that agriculture, upon which more than 80% of the population in Rwanda depends on for their livelihoods, is largely rain-fed and only less than 10% of its agricultural production is irrigated. According to the Rwanda Environmental Management Authority (REMA), prolonged drought, inadequate and unreliable rainfall patterns are already affecting agricultural production; making climate change a major threat to development. Also, cultivating more land for food production eventually leads to deforestation, which has its unique climate change impacts including: intensification of soil erosion, landslides, and destruction of watersheds.

Among the trade-related challenges faced by agro-processors that hamper the development of agro-processing in Rwanda, is the nature of the country's agriculture sector that is largely based on subsistence farming and is still lacking in commercial farming. The predominance of small-scale subsistence farming impacts the economy at both household and national level. Small land sizes per household are insufficient for supporting household food needs throughout the year and for providing income-generating activities to its members. This, in turn, leads to greater imports of staple crops which creates imbalances in the national food export/ import ratio. This reality does not only affect the availability of food for consumption, but also the availability of food for inputs (raw materials) in agro-processing industries. Other related challenges include low quality and quantity of raw materials and inputs, limited rural infrastructure leading to high costs as well as a lack of working capital and long term credit. These challenges have resulted in a lack of effective value chains to support the flow of needed ingredients to support the sector in a sustainable manner.

Another notable challenge is related to the fact that, the current level of agro-processing in Rwanda is still unable to fully ensure food security. Some of the related challenges that need to be addressed for agro processing in Rwanda to contribute to food security are those issues that make it difficult to ensure enough and sufficient food amounts produced (low productivity). These issues/ challenges include low levels of agro-industrial capabilities and linkages that are necessary to improve opportunities for added value. The few agro processing factories often lack enough inputs (materials) and so this challenge continues to hold back the sector's productivity. This is usually a result of post-harvest losses, which are currently estimated to be between 30% and 50% of total food production depending on the types of products and storage conditions.

In a nutshell, the following challenges that need to be addressed were pointed out and include the following: (i) Quality and quantity issues with raw materials and inputs; (ii) Limited rural infrastructures with high costs; (iii) Lack of working capital and long term credit; (iv) Low human capacity; (v) Lack of marketing data and information; (vi) Inadequate production and post-harvest technologies; (vii) Inadequate disease control facilities; (viii) Low incomes of farmers to purchase necessary farm inputs; (ix) Low value addition to agricultural produce; (x) Limited market access due to inadequate marketing and agro processing facilities; (xi) Inadequate storage and high post-harvest losses; (xii) High cost of packaging materials; and (xiii) The small existing base of agro-processing.

To address the challenges mentioned above, a forum was proposed to be established, bringing together relevant stakeholders to take up the responsibility of spearheading appropriate solutions. According to the study titled “*Agro-Industrial Development Policies: What Nexus to Climate, Food Security and Trade in Rwanda?*” by J.B Kanyangoga, the need to establish the National Agro-Processing Forum (NAPF) was proposed and was further agreed upon by the National Reference Group (NRG). In this light, NRG members and stakeholders have been engaged in ensuring that the NAPF is established and efforts to that end are ongoing. Establishing an agro-processors' forum will provide space for effective collaboration among key stakeholders within the sector. This will then allow them to successfully advocate for the formulation and implementation of proper, relevant and specific agro-industry policies/ strategies to further enhance the development potential of agro-processing.

The NAPF will serve as an interactive platform where policy makers and private sector actors will work together and propose concrete actions and solutions to hasten Rwanda's agro-processing sector in a sustainable manner. The forum will indeed serve as an effective mechanism for a more effective implementation of the national industrial policy, promoting climate-awareness, trade-driven and food security-enhancing agro-processing development. It is important to emphasise that the Forum will not replace relevant existing efforts, initiatives or mechanisms, but rather, the Forum will ensure more effective coordination and further serve to complement all related efforts already in place, that focus on enhancing agro-processing in Rwanda.

The study concludes by indicating that agro-processing in Rwanda is very important and continued efforts are in place to maximise its potential as a pathway to increased economic growth and food security in the country. Agro-industrialisation offers immense opportunities for income generation, employment, food security and overall economic development. It is also noted that establishing the NAPF is necessary to ensure the promotion of climate-aware, trade-driven and food security-enhancing agro-processing development.

In this regard, therefore, and based on the feedback obtained from various interviews, the following recommendations are hereby proposed for consideration and further actions:

- *Establishing and Supporting the National Agro-Processing Forum (NAPF):* This is very important because supporting and strengthening the NAPF will ensure the effective coordination of all relevant institutions and stakeholders to work together and address how Rwanda can enhance agro-processing and how the country will maximize exports of agro-processed products within the region and in international markets.
- *Putting in place an agro-processing policy:* Among the key stakeholders, there is a general consensus on the need to put in place a specific policy and strategy that is dedicated to support and promote a vibrant agro-processing sector in Rwanda.
- *Enhancing communication outreach:* There is a need to maintain meaningful engagement with the government and keep liaising in more specific and direct manners with relevant government institutions as well as operating a Web Portal to provide online services, including trade information among others.
- *Launching the NAPF as soon as possible:* Key institutions that would be responsible for coordinating the NAPF have indicated willingness to do so. It is therefore very important to build on the momentum following the acceptance, and pledged support by the MINICOM, and the PSF through the Rwanda Association of Manufacturers (RAM), to support this initiative.

Chapter 1

Introduction

1.1 Background

As a country, Rwanda considers agriculture to be very crucial for economic growth and reduction of poverty, and as the backbone of the economy. This consideration further takes into account the potential to improve the lives of those employed in the sector as well as value addition through agro-processing and increased exports. For agro-processing in Rwanda to get to the desired levels in line with relevant national plans and strategies, there will be a need for increased productivity in the agricultural sector above the current levels. According to the Comprehensive Food Security and Vulnerability Analysis (CFSVA) Report (2015) by the National Institute of Statistics of Rwanda (NISR), Rwanda's domestic food production does not fully satisfy the demand for inputs by agro-processing firms (both with regards to quantity and quality of inputs). This reality also affects food security in general, as the same report further states that only 80% of all households are food secure (they are able to meet essential food targets without engaging in atypical coping strategies, have an acceptable diet and use a low share of their budget to cover food needs)¹. This leaves the other 20% of all households food insecure.

In an effort to address related challenges, the country has embarked on vigorously introducing new seed varieties, fertilizers and new technologies in order to sustain the agro-processing sector demands. This however is a long term strategy since new technology requires intensive capital investment, be it through purchase from the market, research and

development. As observed by the stakeholders in the third meeting of the NRG3², Rwanda has in place a sufficient policy framework that needs full gear implementation. The most important as a matter of urgent priority is to enhance value addition. This can be done through supporting existing private operators engaged in adding value to agro-products and attracting more to invest in the sector by providing appropriate incentives.

Most of the issues related to agro-processing are supposed to be addressed by the national industrial policy, spearheaded by the MINICOM. However, the current industrial policy is not sufficiently implemented to address the needs for agro-processing development, particularly on aspects at the interplay with trade, climate change and food security. These include incentives such as tax breaks and subsidies, raw materials, access to finance, market access, technology transfer, certificates, etc. Agro-processing is failing at its main purpose of boosting agriculture production for food and livelihood security. Towards this end, agro-processors should act and face challenges together through a NAPF under the RAM in the PSF structure.

In light of the above, this study was commissioned by ACORD Rwanda with support from CUTS International, with a view of assessing the best ways of implementing Rwanda's industrial policy for agro-processing and purposely to bring on board the views of key players and stakeholders countrywide, especially those who are directly involved in agro-processing, to work together and to be

coordinated within NAPF. While conducting this research, interviews were carried out with a number of people including key officials at the MINICOM, Ministry of Agriculture and Animal Resources (MINAGRI), as well as key private stakeholders engaged in activities related to the agro-processing business. All this was in addition to the desk-top research that was done by reviewing a number of relevant national policies and strategies.

1.2 Scope and Objectives

The scope of this research is to assess what is needed to ensure an effective implementation of the industrial Policy for agro-processing development that is conscience of the linkages between climate change, food security and trade, through the creation of a NAPF within the Industrial Development and Export Council (IDEC) structure. The IDEC's Secretariat is housed in the MINICOM and the same Ministry chairs IDEC's meeting in addition to providing secretarial role.

In light of the above, the purpose of this study is to propose the main features of a possible NAPF, including its mandate, objectives, composition, institutional framework and thematic areas to be covered towards promoting climate-aware, trade-driven and food security-enhancing agro-processing development. More specifically, the research focused on the following key elements:

- Reviewing the developments of agro-processing in Rwanda;
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- Articulating the rationale of having the NAPF, and its added value in agro-processing

development;

- Bringing on board key institutions and stakeholders including MINICOM, PSF, and private stakeholders who are currently involved in agro-processing in Rwanda;
- Conducting a countrywide survey in gathering relevant information and the views of agro-processing businesses in Rwanda; and
- Providing actionable recommendations towards establishing a NAPF.

1.3 Methodology

The methodology of carrying out this study involved the collection and analysis of all relevant information and data as well as interviewing relevant stakeholders. In this light, the assessment was based on the information gathered in the following manner:

- **Documentation:** This included technical documents, reports, strategies, data assessments, inventories, compiled lists of agro-processing businesses, related challenges, information on key institutions and their respective roles etc.
- **Direct introductory meetings:** Meetings were arranged and attended with various public officials like MINICOM staff, other relevant agencies and a number of private sector stakeholders directly involved in agro-processing and related activities.
- **Interviews with key agro-processors in the City of Kigali and rural provinces:** Upon working with the Ministry of Trade and Industry to obtain the list of agro-processors in the country, many around the country were interviewed and for a few, the author visited their respective premises. Based on the views from interviewed stakeholders during the research; recommendations were generated and are herein presented as actionable proposals for consideration.

The following are the main institutions that were closely involved during the process through the MINICOM, among others:

Institution/ Stakeholder	Function
Ministry of Trade and Industry (MINICOM)	<ul style="list-style-type: none"> • Industrial Policy Implementation • Agro processing development • Trade facilitation • Value addition promotion
Ministry of Agriculture and Animal Resources (MINAGRI)	<ul style="list-style-type: none"> • Agricultural Policy formulation and implementation • Land consolidation support services • Support to farmers • Farm inputs support
ACORD Rwanda	<ul style="list-style-type: none"> • Supervisor
Private Sector Federation (PSF)	<ul style="list-style-type: none"> • Umbrella for private sector actors' membership • Supporting agro processing • Facilitating doing business
Owners/ Representatives of Agro processing businesses	<ul style="list-style-type: none"> • Involved in the daily operations • On the ground facing the reality • Beneficiaries of improved reforms • Potential members of the NAPF

Chapter 2

Agro-processing Development in Rwanda

Currently, agro-processing is the largest manufacturing sub-sector in Rwanda. According to Mr. Samson Bimenyimana, a researcher in agro-processing and biotechnological research at the NIRDA, *“Agro-processing sector output is currently worth Rwf197 billion in food and beverages production alone which is about 70 per cent of total manufacturing. It is the emerging sector in our economy considering its role in employment, income generation and food security.”* However, to fully unleash the potential of agro-processing in Rwanda, there is a need to first address challenges in the sector. Some of these challenges are related to low levels of technology as reported by NIRDA officials, where for example, in cassava processing, 100% of Small and Medium Enterprises were found to operate manually while 48% of local maize processing industries³ operate manually.

Other longstanding challenges revealed by the agency include low capacity in research, low innovation for product development, lack of product diversification and weak linkages with research development institutions and the rest of the private sector. For Mr. Bemenyimana (NIRDA Official), other challenges include lack of adequate knowledge and skills in regards to processing as well as lack of proper information systems on the agro-processing industry.

Further still, there are trade related challenges where raw materials are not enough to support needs (inputs). This issue of a limited amount of food (raw materials) to be processed further

translates into a food security threat because when there is no food to process, then there is not enough processed food to sell in the market. It starts as a trade related challenge but later becomes a food security challenge. Then there are also climate change related challenges especially given the strict environmental protection measures that are in place in Rwanda.

2.1 Overview

Generally, Rwanda’s industrial sector is small in comparison to the other key sectors and has seen its share remain at around 15 per cent over the past decade. This means it is currently less than half the size of the services and agricultural sectors. Construction makes up 52 per cent of industrial output, manufacturing 42 per cent, mining and quarrying 4 per cent, with the 1-2 per cent remainder in the utilities - electricity, gas & water. Within manufacturing, food, beverages & tobacco make up around two-thirds of output, with a number of smaller sectors making up the remainder⁴. Each of these sub-sectors of manufacturing has seen growth in the past eight years. However, from such small bases that they are still of small significance to the Rwandan economy as a whole.

Rwanda has very few agro-processing industries (agro-processing is generally weak except for tea; and amongst food-crops, only maize is processed and rice-processing is being developed but is at a fairly rudimentary stage)⁵. Processed food and manufactured products only account for 14% of new product exports. Rwandan firms have

now developed the knowledge and capabilities to not only produce these things, but also export them. However, the main challenge is to bring the production of these to scale and ensure that they are profitable. Rwanda's domestic production does not satisfy the demand for inputs by agro-processing firms (both regarding quantity and quality of inputs). However, before the country has begun continuously introducing new seed varieties, fertilizers and new technologies to cope with agro-processing demand.

The role of agro-industry as a sector of the economy has multiple facets and changes during the course of development. In the early stages of growth, industrial processing of agricultural products tends to be limited to a few export crops, while the majority of agricultural products are consumed after minimal forms of processing that are performed entirely within the agricultural sector. The MINICOM has recently embarked on an aggressive strategy to strengthen the Agro-processing sector in Rwanda⁶. With its various intertwined services, the Ministry facilitates the strengthening of agro-industrial capabilities and linkages that improve opportunities for added value and serve as an effective means of achieving economic transformation and sustainable livelihoods⁷. The scope of this assistance goes beyond urban agro-industries, to reach poor and marginalized rural populations as well as communities with services such as skill development, emergency supplies of agro-equipment, and the rehabilitation of food industries.

According to Rwanda's Industrial Policy, manufacturing provides both demand and supply stimulus for the growth of agriculture and modern services. It is often the largest customer for the banking, transport, insurance, communications, advertising, and utilities, which fuels markets for services and skills in these areas. Agriculture improves with better equipment and inputs, improved storage, transport, distribution, processing facilities and richer consumers.

Visible realities (features) on the status of agro-processing in Rwanda

No.	Important consideration	Observation
1.	Processed products	Coffee, Tea, Irish Potatoes (chips), Rice, Maize (Maize Flour), Fruits (Juice), Milk (Yoghurt and Cheese)
2.	Areas of activities	All the four (4) provinces (Eastern Province, Northern Province, Western Province and Southern Province) and City of Kigali
3.	Most concentrated area	The city of Kigali
4.	Common food crops	Rice, Maize and Irish Potatoes

2.2 Climate-related challenges faced by agro-processors

In Rwanda, most of the climate-related challenges faced by agro-processors that hamper the development of agro-processing are linked to the fact that food production on which agro-processing is dependent on is vulnerable to climate change effects. To contextualise this reality is the reminder that agriculture, upon which more than 80% of the population in Rwanda depends for their livelihoods, is largely rain-fed and only less than 10% of the agricultural production is irrigated. According to the REMA, prolonged drought, inadequate and unreliable rainfall patterns, are already affecting agricultural production, making climate change a major threat to development⁸. Also, cultivating more land for food production eventually leads to deforestation which has its unique climate change impacts including: intensification of soil erosion, landslides, and destruction of watersheds.

There is climate-related challenge faced by agro-processors in Rwanda that has to do with how investments that would boost agro processing are affected. It is a reality that investments are likely

to be adversely affected by climate change, such as water, power or irrigation infrastructures, which may be broken down by floods and yet all these components are needed for a vibrant agro-processing sector. For example, reduced water levels may also cause hydropower, irrigation, navigation or water supply installations to underperform, making it difficult for the agro-processing sector to thrive.

Furthermore, climate change affects the production of hydropower that is needed in agro processing efforts. According to REMA, there is always a disruption in hydropower production whenever there is a decline in water levels. Indeed, persistent drought does not only cause poor agricultural production especially in drier eastern plains but also affects how much hydropower is available and its affordability. Then in cases of heavy rains, the country has, at times, experienced landslides, floods, etc., that have caused death, destruction and epidemics. Therefore, climate change has direct implications for realizing the goals of a vibrant and well developed agro-processing sector in Rwanda.

2.3 Trade-related challenges in agro-processing

The Government of Rwanda considers agro-processing as a sector with the potential of contributing to the country's trade balance. With the government keen on reducing the trade deficit, the NIRDA says that supporting local food production industry and addressing pressing challenges in the sector can save the country up to US\$118mn annually by 2020.⁹ The newspaper further reports that according to NIRDA officials, by addressing the sector's key challenges, it can meet the local demand and result in exports. Thus helping reduce the country's trade deficit. The local demand of food in Rwanda's context means food for consumption and food for further processing in the country's agro-processing industry, that is still in its infant stages.

Among the trade-related challenges faced by agro-processors that hamper the development of agro-processing in Rwanda, is the nature of the

country's agriculture sector that is largely based on subsistence farming and is still lacking commercial farming. The predominance of small-scale subsistence farming impacts the economy at both household and national levels. The small land size per household is insufficient for supporting household food needs throughout the year and for providing income-generating activities to its members. This, in turn, leads to greater imports of staple crops, creating imbalances in the national food export/ import ratio¹⁰. This reality does not only affect the availability of food for consumption but also food for inputs (raw materials) in agro-processing industries.

Other challenges include the low quality and quantity of raw materials and inputs, limited rural infrastructures, leading to high costs as well as lack of working capital and long term credit. These challenges have resulted in lack of effective value chains to support the flow of needed ingredients that support the sector in a sustainable manner.

Indeed, the development of agro-processing requires effective value chains as a means of promoting accelerated industrialisation and targeted interventions to support inclusive economic growth and poverty reduction. The development of such chains has a positive impact on employment in both rural/urban areas, and through direct and indirect multiplier effects. It also offers market access to smallholders and creates business linkages to SMEs¹¹. In addition, it helps to build up sustainable relationships among chain actors. Unfortunately, these chains are not fully developed and are not effective at a level to successfully support a vibrant agro-processing sector in Rwanda.

2.4 Factors hampering agro-processing contribution to food security

In Rwanda, the role of agro-industry as a sector of the economy has multiple facets and changes in the course of development. In the early stages of growth, industrial processing of agricultural products tends to be limited to a few export

crops, while the majority of agricultural products are consumed after minimal forms of processing that are performed entirely within the agricultural sector. Ideally, agro-processing has potential to lead to Rwanda's economic transformation as well as ensure food security for the country. However, the current level of agro-processing in Rwanda is still challenged to fully ensure food security.

Some of the challenges that need to be addressed for agro processing in Rwanda to contribute to food security are those issues that make it difficult to ensure enough and sufficient amounts of foods produced (low productivity). These issues/challenges include low levels of agro-industrial capabilities and linkages that are necessary to improve opportunities for added value. The few agro processing factories often lack enough inputs (materials) and so this challenge continues to hold back the sector's productivity. This is usually a result of post-harvest losses, which are currently estimated to be between 30% and 50% of total food production depending on the type of products and their storage conditions.

Other challenges that are hampering agro-processing contribution to food security include low levels of skills development, low levels of required technologies, inadequate supplies of agro-equipment and insufficient food industries that need rehabilitation.

2.5 Other Challenges

In Rwanda, agro-processing is still at an infant stage. With insufficient capacities, for even the few factories in the processing of foods and beverages, and with the few entrepreneurs such as Small Medium Enterprises (SMEs) that are involved in adding value to agricultural products, it is evident that there is still much to be done to fully develop the potential of agro-processing in Rwanda.

The challenges of agro-industry in Rwanda are largely linked to supply chain-related weaknesses. Agricultural growth over the last decade lagged behind industry and services, and

there are limited private investments in the sector due to high risk perceptions. Although there has been significant development in land husbandry and irrigation, there has been a lack of consideration of environmental sustainability. Therefore, a further challenge is the need to address soil erosion and water conservation while also increasing productivity¹².

Furthermore, diverse constraints affect agricultural value chains and thus limit the production and value addition potentialities of crops and livestock products. In this regard, the following challenges have been pointed out across value chains: (i) Quality and quantity issues with raw materials and inputs; (ii) Limited rural infrastructure with high costs; (iii) Lack of working capital and long term credit; (iv) Low human capacity; (v) Lack of marketing data and information; (vi) Inadequate production and post-harvest technologies; (vii) Inadequate disease control facilities; (viii) Low incomes of farmers to purchase necessary farm inputs; (ix) Low value addition to agricultural produce; (x) Limited market access due to inadequate marketing and agro processing facilities; (xi) Inadequate storage and high post-harvest losses; (xii) High cost of packaging materials; and (xiii) Small existing base of agro-processing.

Another challenge faced by agro-processing in Rwanda is the fact that despite willingness and relevant plans in place, there has been failure to shift from subsistence farming to commercial farming. Shifting from subsistence farming to a commercially-oriented approach is difficult for many Rwandan farmers mainly due to lack of good agricultural practices. An additional gap to the low commercialisation is the certification process which is too costly, too difficult and done for a few co-operatives in Rwanda.¹³ The lack of good agricultural practices leading to low quality produce is also one of the key constraints to international competitiveness and market penetration of the Rwandan agricultural products.

The ban on the use of plastics in Rwanda affected several sectors but especially the area of agro-

processing. This is mainly because packaging is a particularly important input for agro-processors. The introduction of Law No 57/2008, banning the use of plastics in Rwanda has impacted the cost structure of the industrial sectors. In practice, domestic producers are restricted in using polyethylene, polypropylene, laminates, PVC and polyester for packaging purposes, whilst foreign manufacturers (including those elsewhere in the EAC) may use any of these materials and export to Rwanda with no differential duty¹⁴. This has placed Rwandan

companies at a competitive disadvantage vis-à-vis imports, but especially the ones in the agro-processing sector. This is a trade related challenge and should be addressed through trade policies.

In a nutshell, farmers still face significant challenges such as lack of market linkages and storage facilities. The issue of post-harvest losses is one of the main challenges facing agriculture production and marketing, that eventually affects the agro-processing industry.

Chapter 3

Making the Industrial Policy Work for Agro-processing: Case for a NAPF

3.1 Agro-processing in the National Industrial Policy

The Rwanda National Industrial Policy was approved in 2011 and articulates relevant measures for upgrading, modernizing and expanding the industrial sector in Rwanda. According to MINICOM, the objective is to create and build momentum behind the transformational industrial growth that would make Rwanda regionally and internationally competitive.

However, the policy does not provide any dedicated focus or emphasis on agro-processing. When the industrial sector is referred to in a policy perspective, the four specific areas that are mentioned include: construction, manufacturing, mining and quarrying as well as electricity, gas and water. Technically, agro-processing falls in the area of manufacturing but there is nothing specific on food processing within the policy.

Therefore, there is a gap to be filled for the industrial policy to sufficiently address agro-processing related issues. Nevertheless, the industrial policy can serve as a basis to put in place other relevant policies, strategies and measures to enhance agro-processing in Rwanda.

As much as the national industrial policy generally focuses on issues that have an impact on agro-processing, there are still some missing gaps for specific elements that are needed to

address directly the issues related to agro-processing.

3.2 Climate, Food, Trade: Need for Synergetic Implementation

Rwanda's need to develop a vibrant and sustainable agro-processing sector is very important for both economic and social considerations because of the sector's potential to enhance trade and ensure food security. Fortunately, the country to its policies already consider the agricultural sector of great importance to the economy and the transition from subsistence farming to a more commercial-oriented agriculture sector is well under way. However, the industrial policy that needs to provide a policy framework for agro-processing in Rwanda does not elaborate on anything particularly relevant to this matter. This is what needs to be addressed either by revising the industrial policy to address the relevant issues or to formulate and implement a new standalone policy on agro-processing.

In deliberating on whether to revise the industrial policy or to formulate and implement a new policy on agro processing, the main focus should be on promoting climate-aware, trade-driven and food security-enhancing agro-processing development. For example, until now, it has proven challenging for agro-processors to develop a value chain where cooperatives and farmers deliver a sufficient quantity of high

quality raw materials. Yet this is needed to develop better practices in agro-processing. Balancing food security with forest extension, given that land ownership is limited and shrinking is a matter that needs to be looked into and appropriate solutions sought. Then the need of balancing increasing water demand from multi-sectoral sources, with core conservation and climate change mitigation must also be an issue of paramount consideration.

Considering the current realities and needs, a sustainable agro-processing sector should be based on a concept that reflects an ambition to improve the integration of agriculture development, climate responsiveness and effective trade with a goal to secure food for the population. It must aim to achieve food security and broader development goals under a changing climate and increase the demand of food.

To increase productivity in agriculture, appropriate measures will have to be taken to enhance resilience, and reduce/remove greenhouse gases (GHGs). This will require planning to address trade-offs and synergies between these three pillars: productivity, adaptation, and mitigation. Investing in land husbandry, water harvesting, and hillside irrigation can increase resilience to climate change, reduce water erosion and soil loss, halt land degradation, and increase land productivity.

In ensuring effective implementation in a coordinated manner, a NAPF is proposed to take up the mandate. The NAPF will be integrated into the MINICOM's Industrial Development and Export Council (IDEC) structure, with a mission to ensure effective implementation of all related policies for agro-processing development. The forum will indeed serve as an effective mechanism for a more effective implementation of all national policies that are relevant in promoting climate-aware, trade-driven and food security-enhancing agro-processing development. Indeed, the NAPF will boost agro-processing with a main purpose of encouraging agriculture production, guaranteeing food security, promoting trade and ensuring sustainability by

protecting the environment to mitigate climate change related effects.

3.3 Gaps in current implementation framework

The Industrial Development and Export Council (IDEC)

While the National Industrial Policy is not sufficient to develop, support and sustain a vibrant agro processing sector, there is another important gap that is related to the implementation framework. The Industrial Development and Export Council (IDEC) was established and provided for by the industrial policy as the implementation body. Though the IDEC, has established the public private dialogue (PPD) as a consultation mechanism. It is not set up with specific mechanisms of how agro-processor, members of PSF or not can channel their contribution to agro processing development, and obtain responses to their advocacy issues within the agro processing sector. Actually, according to the current setup, effective participation of private players remains a challenge.

The IDEC stands at the helm of the Industrial Governance structure in Rwanda to oversee and coordinate the implementation of the National Industrial Policy and the National Export Strategy as well as other related national policies of industrial development, such as the Trade Policy and SME Policy¹⁵. The Cabinet session of 20th April 2011 approved the National Industrial Policy and National Export Strategy and recommended the establishment of IDEC. Thereafter, the IDEC was established and it reports to the Prime Minister's Office. The IDEC's Secretariat is housed in the Ministry of Trade and Industry (MINICOM) and the same Ministry chairs IDEC's meetings in addition to providing secretarial role. The IDEC is designed to be the overarching coordinating mechanism for national policies and strategies relating to industrial growth and trade development in Rwanda.

The IDEC is comprised of two (2) organs, namely: the high-level Council chaired by the Minister responsible for Trade and Industry and comprised of Ministers from key Ministries, the Private Sector and the Secretariat. The key role of the Council is to provide oversight, coordination and guidance in the implementation of the national policies and strategies related to industrial growth and development that quintessentially cut across multiple Ministries, and requires the public and private sectors to work towards a common goal. On the other hand, the Secretariat at MINICOM is responsible for technical coordination, preparation of meetings, logistical coordination of meetings and dialogue with the implementing agencies and institutions, and reports to the Council.

As far as meetings and activities are concerned, the IDEC meets quarterly, or more often, as deemed necessary and all decisions of the Council shall be taken by consensus. The IDEC may invite any person who may contribute ideas to attend its meeting depending on the agenda. Furthermore, the IDEC may establish derivative committees on chosen issues whenever necessary and membership of these committees may include members not on the Council.

Ideally, the IDEC is the most relevant framework in place through which issues of agro-processing should be addressed, discussed and solutions sought. However, this mechanism is not effective because the IDEC usually touches on general issues related to industrial development and export promotion. Another concern about the IDEC is the frequency of the meetings where it often takes a long time for IDEC to convene meetings despite the fact that during its establishment, the IDEC meetings were envisaged to convene quarterly. This is why it is important to establish a forum that is specifically responsible for agro-processing with a mandate to address related issues through the IDEC.

3.4 Case for a National Agro-processing Forum

It is very important for all the relevant stakeholders to work together to address the needs for agro-processing development, particularly on aspects which interplay with trade, climate change and food security. These include incentives, raw materials, access to finance, market access, technology transfer, certificates, etc. This will ensure that agro-processing is facilitated to work towards achieving its main purpose of boosting agriculture production for food and livelihoods security. It is on this basis that the NAPF has been proposed for establishment to encourage much needed dialogue and collaboration. Towards this end, agro-processors will be given an opportunity to act together through a National Agro-processing Forum under the RAM in the PSF structure.

It should be noted that the NAPF is not introduced to replace or compete with any similar existing mechanism but rather, the Forum would supplement the existing initiatives to build a sustainable platform for sustainable solutions. For example; in regard to IDEC, the Forum would add value by specifically focusing on the issues directly relevant to agro-processing, proposing actionable recommendations and following up with implementation. This is very important to avoid generic or theoretical proposals that are usually hard or impossible to implement.

According to a related study¹⁶, the need to establish the NAPF was proposed and was further agreed upon by the NRG. In this light, the NRG members and stakeholders have been engaged in ensuring that the NAPF is established and efforts to that end are ongoing. Establishing an agro-processors' forum will provide space for effective collaboration among the key stakeholders within the sector. This will then allow them to successfully advocate for the

formulation and implementation of the proper, relevant and specific agro-industry policies/strategies to further enhance the development potential of agro-processing.

The NAPF will serve as an interactive platform where policy makers and private sector actors will work together and propose concrete actions and solutions to hasten Rwanda's agro-processing sector in a sustainable manner. The forum will indeed serve as an effective mechanism for a more effective implementation of the national industrial policy thus promoting climate-aware, trade-driven and food security-enhancing agro-processing development. It is important to emphasize that the Forum will not replace relevant existing efforts, initiatives or mechanisms but rather, the Forum will ensure more effective coordination and further serve to complement all related efforts already in place that focus on enhancing agro-processing in Rwanda.

Indeed, it is appreciated that setting-up a forum for agro processors will help maximize opportunities in the agro-processing sector through a specific agro-processing policy and incentive measures (including the policy dedicated to the development of agro processing, the national agribusiness strategy and investment framework as well as capacity building for farmers and stakeholders). It is further appreciated that the NAPF will give more visibility and more attention to the sector and its specific needs and challenges, as the main operators will come together to raise their issues and propose policy actions to be taken. In fact, the NAPF will be the catalyst for an agro-industrial development policy and/or strategy. Looking at Rwanda's current development vision, the implementation of these plans and measures will be a substantive contribution towards a sustainable agro-processing development.

Reaching out to agro-processors

A survey was carried out where some agro-processors were interviewed and others visited to see first-hand and hear from them in regard to the current status of agro-processing in

Rwanda. They were also asked if they support the establishment and promotion of the NAPF. To begin with, the MINICOM was contacted to find out if there are any list/ inventory for agro-processors countrywide. Hence, the list was obtained from the Ministry with about 1,500 agro-processors. Based on the list, a selection of 100 agro-processors was made and it is out of this sample from which those interviewed were picked and the analysis in regard to the national picture was drawn. Out of this selected sample of 100 agro-processors, the following are the most important considerations:

- i. In general, the common processed products include; Coffee, Tea, Irish Potatoes (chips), Rice, Maize (Maize Flour), Fruits (Juice), Milk (Yoghurt and Cheese);
- ii. The most concentrated area with regard to where agro-processing plants (factories) are located, is the Kigali City compared to other provinces;
- iii. Apart from the main cash crops of Coffee and Tea, the main food crops that are processed included Rice, Maize and Irish Potatoes ;
- iv. Some provinces are unique concerning what is processed, largely due to what is available with regard to production and raw materials. For example, the Eastern Province seems to dominate in regard to Rice and Milk processing while the Northern Province dominates in regard to the processing of Irish Potatoes, especially in making chips.

In regard to supporting the creation of the NAPF to effectively coordinate agro-processors in Rwanda, there are mixed reactions in terms of understanding the concept but, the majority support the need for an initiative to coordinate relevant stakeholders to enhance the sector. Most of the agro-processors are of the view that *"let it be established and we will join"* while others just want to first understand it. According to Mr. Edson Tuyisingize of Burera Dairy; *"The idea of the forum sounds good but before it is there, we cannot say much about it. Let it first be established and then we will see how it operates and thereafter decide on whether to join and be part of it."*

For Mr. Martin Kabatsi, the Tax Manager at the Africa Improved Foods (AIF) Rwanda Limited, the idea of having a forum is good and they would consider being part of it. He says that; “*It would really be good to have a forum that brings together agro-processors and key stakeholders in the country. We would really consider joining*

such a forum and be members. I think the forum would avail a number of opportunities concerning information sharing and bringing together concerted efforts to find solutions for various issues in our shared efforts to advance the agro-processing sector.”

Chapter 4

Proposed Features of a National Agro-Processing Forum

4.1 Mission and Objectives

The mission of the NAPF will be “to ensure effective implementation of the national industrial policy and other policies related to agro-processing promotion for climate-aware, trade-driven and food security-enhancing agro-processing development”.

Towards this end, the Forum will have the following objectives:

- (i) Bringing the voice of agro-processors to the IDEC table, so their challenges are identified and addressed in implementation;
- (ii) Ensuring that agro-processing is given due attention in the implementation of the national industrial policy and other related policies; and
- (iii) Promoting synergies for a climate-aware, trade-driven and food security-enhancing agro-processing.

4.2 Relationship with existing frameworks

Following the recommendation by the NRG in Rwanda to have the NAPF hosted under the PSF, a follow up meeting was held with PSF’s RAM to formally make the request which was later accepted. In this light, the NAPF will be hosted by RAM within PSF and the Forum will execute its mandate through the IDEC that is hosted in the MINICOM and co-chaired by MINICOM and PSF.

Regarding focus and achieving its advocacy objectives, NAPF will be integrated in the already existing IDEC. The IDEC was established in 2011 when the Cabinet was approving the National Industrial Policy and National Export Strategy. According to the Cabinet’s recommendations and approval, the IDEC stands at the helm of the Industrial Governance structure in Rwanda, to oversee and coordinate the implementation of the National Industrial Policy and the National Export Strategy as well as other related national policies of industrial development, such as the Trade Policy and SME Policy.

4.3 Membership

The NAPF shall be composed of agro-processors in Rwanda, the PSF and relevant government institutions.

Relevant institutions that have agro-processing support as part of their mandate will support the Forum. These institutions include the following:

- (i) The Ministry of Trade and Industry (MINICOM);
- (ii) The Ministry of Agriculture and Animal Resources (MINAGRI);
- (iii) The Rwanda Development Board (RDB);
- (iv) The National Agricultural Export Development Board (NAEB);
- (v) The Ministry of Natural Resources (MINIRENA);
- (vi) The Rwanda Revenue Authority (RRA);
- (vii) The Rwanda Bureau of Standards (RBS);
- (viii) National Industrial Research and Development Agency (NIRDA);

(ix) Rwanda Environment Management Authority (REMA).

4.4 Structure

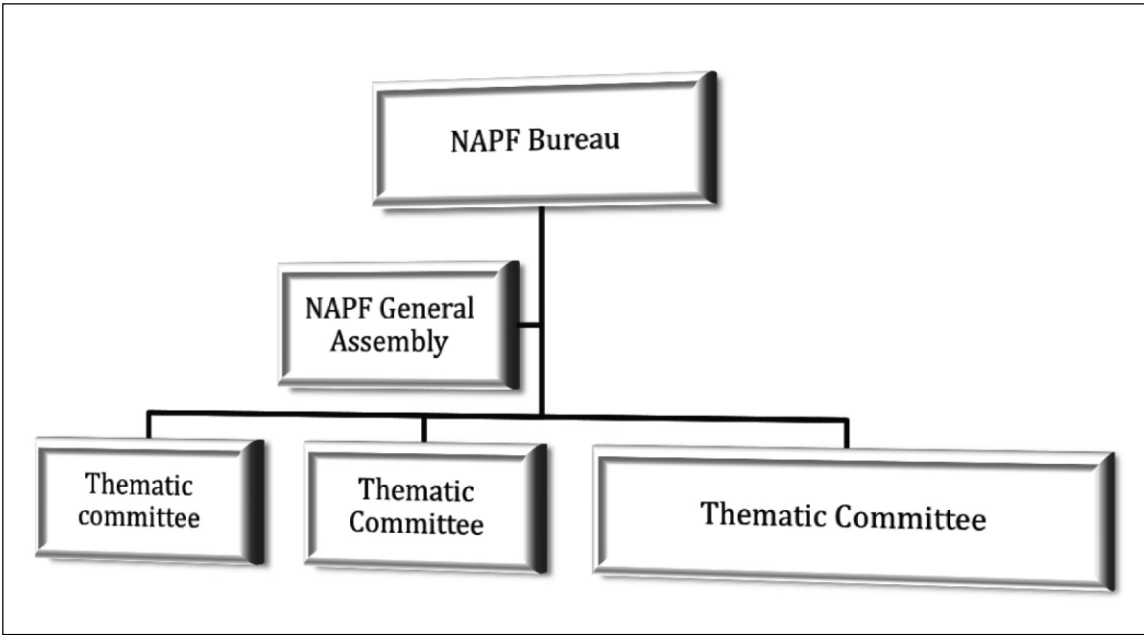
The NAPF shall not be another “Association” bringing together private sector players engaged in the agro processing business. Rather, as it has been clearly articulated, the NAPF will be a platform bringing together agro processors and relevant government institutions and other relevant stakeholders (including researchers) that have a mandate of supporting and facilitating agro-processing in Rwanda. By bringing together key stakeholders and relevant government institutions, the platform will facilitate the dialogue between the two to discuss, with a view of addressing issues and adopting appropriate measures to enhance agro-processing in Rwanda that is climate-aware, trade-driven and also enhances food security.

In light of the above, therefore, instead of having an overseeing board, the Forum will have a flexible guiding mechanism to maintain focus,

appropriate guidance and consistence. On this note, the Forum will operate at the following two levels; i) the NAPF Bureau; and ii) the NAPF General Assembly. Within the General Assembly, there will be thematic committees that will deliberate on specific issues including technical matters.

Whenever necessary, issues will be deliberated within the General Assembly where consensus and common understanding will be adopted on what needs to be advocated, how as well as relevant proposals. Upon the adoption of deliberations by the General Assembly, the NAPF will take up the task of submitting and articulating the same issues in IDEC. In other specific issues, the NAPF thematic committees will deliberate on issues and upon common agreements (within the committee), make submissions straight to the NAPF Bureau for articulation in IDEC.

The diagram below is illustration of NAPF’s proposed structure.



It is expected that the members of NAPF will decide on which thematic committees to belong to and depending on their respective interests and concerns, members are free to belong to various thematic committees.

The NAPF Bureau

This is the supreme level of the Forum that will be responsible for providing overall guidance on the operations of the NAPF and articulating issues on behalf of members. The NAPF Bureau meetings will be co-chaired by senior representatives of PSF and MINICOM to deliberate on issues presented by agro-processors, to be advocated within the IDEC. The Forum's Coordinator (who is the PSF focal point) will be responsible to take records of resolutions and make follow up on the subsequent implementation thus, serving as the overall secretary of the NAPF.

The NAPF General Assembly

This is the general membership level that will bring together all the members from the private sector, public sector and the civil society who have subscribed to the NAPF membership. This is the level where general issues will be presented by the thematic committees for discussions and where resolutions will be adopted for submission to the NAPF Bureau for further action.

The NAPF General Assembly will be holding its ordinary meetings once every year. However, distinctive meetings can always be convened whenever necessary at the request of members in the respective thematic committees. The request to convene distinctive meetings of the NAPF General Meetings will be done through the NAPF Bureau, which will first assess and validate the necessity of the request before doing so.

Thematic Committees

These will serve as sub-committees to deal with specific issues that will be deliberated on for further discussions within the NAPF. There will

be various thematic committees within two categories. The first category will be consisted of various thematic committees based on their similar products, such as those in the processing of maize, milk, juice, etc and the second category will be consisted of three (3) specific thematic committees on Climate-related issues, Trade-related issues and Food security related issues, respectively.

4.5 Meeting frequency

The NAPF will serve as an interactive platform for discussion between agro-processors and policy makers, with a dual purpose of identifying constraints that make their work difficult and in finding solutions including on issues of climate change, food security and trade. In this context, meetings will be held in accordance to the respective agendas of the NAPF organs. The NAPF General Assembly will hold its ordinary meeting once a year and other times in “extra ordinary meetings”, whenever necessary upon the requests of members. The Focal Point (Coordinator) of the NAPF at the PSF's RAM will be responsible for preparing the Agenda that will be approved by PSF and MINICOM, for the annual meetings.

The Agenda of the meetings will take into account the following elements: (i) Regular reporting; (ii) Recap on previous recommendations; (iii) New developments: disseminating relevant information, opportunities and new policies.

In the case of the other NAPF organs (the Bureau and the Thematic Committees), the frequency of meetings will be based on necessity and upon consultations among the respective members. Also, the NAPFs thematic committees can through the NAPF Bureau call for a meeting of the NAPF General Assembly as an “extraordinary meeting”, at any time of need.

Chapter 5

Proposed Thematic Committees

From the outset, upon the launch of the NAPF, three thematic committees will be created immediately, focusing on promoting climate-aware, trade-driven and food security-enhancing agro-processing development. In this respect, the 3 committees will be: i) the climate committee; ii) the trade committee; and iii) the food security committee. Thereafter, the NAPF will have options to create other product-specific committees whenever necessary. This principle was proposed and agreed upon by the majority of stakeholders during the research, interview process and the NRG meetings. It was decided that a “window” should be provided for a thematic committee to be created based on interests in regard to similar products such as those in the processing of maize, milk, juice, etc.

5.1 Climate Committee

Upon the launch of the NAPF, members will choose their preferred thematic committee to belong to, from the three (3) thematic committees (climate, trade and food security), depending on their respective interests and concerns. The members who will choose to belong to the climate committee will adopt their rules of procedures, elect their chairperson and committee bureau and also adopt their work modalities. The committee members will also adopt the schedule of their regular meetings as well as procedures in regard to ad hoc meetings that may convene whenever necessary at the request of an interested member. In this respect, the climate committee will deal with climate related issues affecting agro-processing. The committee’s main objective will be to focus on

the promotion of climate-aware agro-processing development. The key activities will include the following, among others;

- i) Working with agricultural research and extension institutions in Rwanda towards promoting climate-resilient crop varieties and good management practices.
- ii) Encouraging initiatives focused on the introduction of land conservation, irrigation practices and technologies on both rain-fed and irrigated areas. These will include land husbandry activities (soil bunds, terraces, cut-off drains, water ways, afforestation and reforestation activities). As well as the establishment of hillside water ponds for small-scale irrigation and water harvesting, among others.
- iii) Promoting the use of irrigation techniques with negligible greenhouse gas emissions and hand-operated pumps for the functioning of hillside water ponds, in order to achieve mitigation goals.
- iv) Promoting the use of clean technologies in agro industries, the use of green energy and advocating for relevant measures which are necessary to meet national obligations under the International conventions related to biodiversity conservation.

5.2 Trade Committee

The members who will choose to belong to the trade committee will adopt their rules of procedures, elect their chairperson and committee bureau, and also adopt their work modalities. The committee members will also adopt the schedule of their regular meetings as

well as procedures in regard to ad hoc meetings that may convene whenever necessary, at the request of an interested member. In this respect, the trade committee will deal with trade related issues in regard to agro-processing. The committee's main objective will be to focus on the promotion of trade-driven agro-processing development. Their key activities will include the following, among others;

- i) Supporting the creation, improving and sustaining effective supply chains while establishing, strengthening linkages and building entrepreneurship by putting emphasis on value addition and dynamic expansion into new areas of comparative advantages in agro processing.
- ii) Working towards improving post-harvest production handling, product marketing, and business planning, which are aimed at building capacity, resilience, and incentives for small-scale farmers.
- iii) Advocating for more capacity building for farmers, with a view to promote more professional farmers in order to improve production. This is very important especially to enhance farmers' capacity in contract farming and their capacity to negotiate with stakeholders along value chains.
- iv) Advocating and supporting initiatives to raise the competitiveness of local industries in order to meet local food demands and to increase their export potential.
- v) Advocating for the improvements of distribution channels, including relevant infrastructure, such as roads for the distribution of food inputs: (raw materials) to agro processing plants and processed foods to all places where there are sold and consumed.

5.3 Food Security Committee

The members who will choose to belong to the food security committee will adopt their rules of procedures, elect their chairperson and committee bureau, and also adopt their work modalities. The committee members will also adopt the schedule of their regular meetings as well as procedures in regard to ad hoc meetings

that may convene whenever necessary, at the request of an interested member. In this respect, the food security committee will deal with food security related issues in regard to agro-processing. The committee's main objective will be to focus on the promotion of food security by enhancing agro-processing development. The key activities will include the following, among others;

- i) Ensuring advocacy with a view to address challenges affecting the production of sufficient levels of food, gender disparities, outdated technologies, methods of farming and post-harvest handling losses as well as inadequate financing for the sector.
- ii) Pushing for initiatives aiming at empowering women involved in agriculture who are the majority players, and increased mechanisation in agriculture will require that energy demands are met by increasing the availability of fuel and electrical power in the rural areas.
- iii) Advocating for direct government interventions to support and improve vulnerable people's access to food, information, knowledge and assets. This is to be done while building on existing local initiatives, such as Ubudehe (programme aimed at economic empowerment of the poor), Girinka (programme of giving free cows to families with lower incomes), Ibiganiro (social dialogue) and other local processes.

5.4 Sectoral Committees

In addition to the three (3) main and specific thematic committees on Climate-related issues, Trade-related issues and Food security related issues, respectively, there will be other thematic committees based products such as those in the processing of maize, milk or juice. Interested members will group themselves depending on their prevailing specific interests and concerns. Since most of the issues are likely to be addressed within the main 3 committees, these products based committees will only be created on a needs basis. Upon their creation and establishment, their respective members will adopt their own rules of procedure and work modalities.

Chapter 6

Sustainability

In regard to funding, the Promoting Agriculture, Climate and Trade Linkages in the East African Community (PACT EAC2) Project by CUTS International through ACORD Rwanda, which is the local partner has facilitated the identification of what needs to be done through the financing of this study and advocacy activities. After this phase, members are yet to decide on the agreed financing mechanism that will sustain the NAPF. The most acceptable and recommended scenario is to have the NAPF financed by members as well as donations from other stakeholders such as relevant government institutions and development partners. Indeed, there is optimism that once the NAPF gets started, its relevant and important contributions to the agro-processing sector in Rwanda will have the potential to attract funding and related support from various institutions and agencies, including some relevant development partners operating in Rwanda.

The issue of funding was discussed with the representatives of the PSF during the discussions to have the NAPF hosted within the organisation.

The Executive Director of PSF's RAM reflected on the issue of funding, but quickly demonstrated optimism that key partners of PSF would consider supporting the NAPF, even financially if effectively engaged. Ensuring sustained funding for the NAPF is a pertinent issue that will have to be addressed upon its establishment.

It is important to note that despite the PSF's agreement to host the NAPF within the RAM, the support is more about cooperation through hosting and encouraging memberships. The financial support is not guaranteed because even the PSF itself still has to mobilize beyond its membership contributions from willing development partners. So, currently the source of PSF's financial resources is from member contributions and financial assistance from development partners, who often support their projects. So, in regard to the financial sustainability of the NAPF, it will be under similar circumstance and the level of success will depend on the concerted efforts of members and stakeholders.

Chapter 7

Conclusions and Recommendations

In conclusion, agro-processing in Rwanda is very important and continued efforts are in place to maximize its potential as a pathway to increased economic growth and food security in the country. Agro-industrialisation offers immense opportunities for income generation, employment, food security and overall economic development. Establishing the NAPF is necessary to ensure the promotion of climate-aware, trade-driven and food security-enhancing agro-processing development.

In this regard, therefore, and based on the feedback obtained from various interviews, the following recommendations are hereby proposed for consideration and further actions;

- *Establishing and Supporting the National Agro-Processing Forum (NAPF):* The NAPF is an important forum that has potential to add much value and truly enhance the agro processing sector in Rwanda and hence, the need to appreciate its importance and to support its establishment. It is envisioned that the Forum will allow relevant stakeholders to successfully advocate for the formulation and implementation of proper, relevant and specific agro-industry policies/ strategies/ measures and actions. Indeed, it is agreed that establishing the NAPF is a substantive contribution towards sustainable agro-processing development in the country that is climate-aware, trade-driven and food security-enhancing. This is very important because supporting and strengthening the

NAPF will ensure effective coordination of all relevant institutions and stakeholders to work together and address how Rwanda can enhance agro-processing and how the country will maximize exports of agro-processed products within the region and in international markets. This will include looking at bottlenecks that need to be removed for these exports to maximize potential and working with all players along supply chains to redress such bottlenecks.

- *Putting in place an agro-processing policy:* Among the key stakeholders, there is a general consensus on the need to put in place a specific policy and strategy that is dedicated to support and promote a vibrant agro-processing sector in Rwanda. The main argument advanced in support of this position is that, agro-processing cannot be enhanced by only the implementation of existing policies. So, there is a need for a specific policy and strategy to address sustainable development of the agro-processing sector. For example, there are some players in the agro-processing industry who have been calling for special treatment in the area of taxation, specifically requesting for the removal of Value Added Tax (VAT) on agro-processing businesses. It has been argued that removal of VAT and considerations of other specific special exemptions with a view of supporting the agro-processing in Rwanda should be seen beyond businesses but rather as the means ensuring food security.

- *Enhancing communication outreach:* There is a need to maintain meaningful engagement with the government and to keep liaising in a more specific and direct manner with relevant government institutions as well as operating a Web Portal to provide online services, including trade information, among others. Furthermore, in the area of reaching out to other contacts beyond the national borders, there is a need for organising trade missions to explore, identify, secure and consolidate market access for those interested in exporting agro products.
- *Launching the NAPF as soon as possible:* Key institutions that would be responsible for coordinating the NAPF have indicated willingness to do so. It is therefore very important to build on the momentum following the acceptance and pledged support by the MINICOM, the PSF through the RAM to support this initiative. The next steps should include bringing on board other stakeholders as well as scheduling of the launch of the NAPF. It is envisaged that the launch of the NAPF will be an important milestone in the efforts to enhance sustainable agro-processing in Rwanda.
- *Supporting local food-processing firms to access Hazard Analysis and Critical Control Point (HACCP)¹⁷ certification:* According to most of the agro-processors that were interviewed for this study, there is a need to ensure HACCP Certification for Rwandese processed food to conform to international standards on food safety and quality requirements. In this light, support should focus on relevant trainings and workshops aimed at attaining the required standards for certification. This is very important for both domestic and export markets.

Annexures

Annex 1: Interviews Questionnaire

Towards effective implementation of the Industrial Policy for Agro-processing Development:
Coordinating Agro-processors in the National Agro-processing Forum (NAPF)

1. Name, location and capacity of your company

Name: _____

Number of employees: _____

Location/ Address: _____

Any exports (to where?): _____

2. What are your products?

3. Are you aware of the National Industrial Policy or other policies and strategies that support agro-processing in Rwanda?

Yes: _____

No: _____

4. Any gaps in terms of the policy framework?

5. What kind of support are you currently receiving as an agro-processor in Rwanda?

6. What more do you think should be done to support your business?

7. The status of value and supply chains: Where are the sources of raw materials?
Is there enough domestically?

8. Is there any arrangement (like a Forum) where you come together as agro-processors to advance common interests in this sector?

9. Do you think the National Agro-Processing Forum (NAPF) can add value to the efforts of developing a vibrant agro-processing sector in Rwanda?

Yes: _____

No: _____

10. Would you join to become a member of the National Agro-Processing Forum (NAPF) upon its launch in Rwanda?

Yes: _____

No: _____

11. Contribution of Agro processing to the “Made in Rwanda” Initiative?

12. Any other information that you deem important and would like to share it?

Annex 2: List of people/contacts interviewed

No.	Name of Contact	Institution/ Position	Contact Details
1.	Mr. Telesphore MUGWIZA	Ministry of Trade and Industry (MINICOM)/ Industrial Development Policy Specialist	0782494406
2.	Ms. Peace BASEMERA	Ministry of Trade and Industry (MINICOM)/ Officer in Charge of Trade Negotiations	0788574322
3.	Mr. Fred Mugabe	Ministry of Trade and Industry (MINICOM)/ Industrial Development Policy Specialist.	0781793637
4.	Mr. Happy MUKAMA	Private Lawyer/ Trade Consultant Expert on EAC Regional Integration	0788899602
5.	Ms. Sylvie NIRERE	Ministry of Agriculture (MINAGRI) – Agriculture Policy Expert	0788824242
6.	Mr. Amos MUHUNDA	Marketing Assistant – Africa Improved Foods (Rwanda Ltd)	0785041759
7.	Mr. Martin KABATSI	Marketing Assistant – Africa Improved Foods (Rwanda Ltd)	0788306065
8.	Mrs. Donatille BAGWIRE	Managing Director – Floris Rwanda	0788534846
9.	Mr. Francois MUNYETWALI	ACORD Rwanda – Country Director	0788502420
10.	Mr. Eustache KABAYIZA	Private Consultant	0788441021
11.	Ms. Berthilde NIYIBAHU	BN Producers – Managing Director	0788479053
12.	Ms. Cesarie KANTARAMA	Cooperative Mbakungahaze – Founding Member	0788450957
13.	Prof. Donald D. Adams	Renewgreen Ltd	0783115279
14.	Mr. Pascal MURASIRA	Hollanda Fairfoods – Director	0788301147
15.	Mr. Thaddée MUSABYIMANA	SOSOMA Ltd – Director General	0788304189
16.	Mr. Edson TUYISINGIZE	Burera Diary – Accountant	0788430289
17.	Mr. Emmanuel MAHARO	Burera Diary – Managing Director	0788877586
18.	Mr. Thijs BOER	Hollanda Fair Foods – Director	0789055892
19.	Mr. Pierre DAMIEN	Shekina Enterprises – Managing Director	0788592198
20.	Mr. Milton NGIRENTE	Blessed Diaries – Managing Director	0788652783
21.	Mr. Ashvin	Mount Meru Soyco – Director	0788381770
22.	Mr. Kabatsi MARTIN	Africa Improved Foods – Tax Manager	0788306065

Endnotes

- 1 Government of Rwanda – National Institute of Statistics of Rwanda (NISR); “*Comprehensive Food Security and Vulnerability Analysis (CFSVA) Report (2015)*”
- 2 The National Reference Group (NRG) is a group of country-wide Stakeholders structured under the PACT EAC2 (Promoting Agriculture, Climate and Trade Linkages in the East Africa Community) Project supported by CUTS International through collaboration with ACORD Rwanda.
- 3 Cassava and maize are among the commonly processed so serve as appropriate examples
- 4 Government of Rwanda – Ministry of Trade, Industry and East African Community Affairs (MINEACOM); “Rwanda National Industrial Policy (2011)”
- 5 Ministry of Finance and Economic Planning; *Second Economic Development and Poverty Reduction Strategy (EDPRS II)*
- 6 Ministry of Trade and Industry (MINICOM) website at http://www.minicom.gov.rw/index.php?id=24&ctx_ttnews on May 5th, 2015.
- 7 Ibid.
- 8 Government of Rwanda – Rwanda Environment Management Authority (REMA); “*Guidelines for Mainstreaming Climate Change Adaptation and Mitigation in the Environment and Natural Resources Sectors: Enabling Sustainable Development through Climate Change Adaptation and Mitigation*” (2011)
- 9 *The New Times*, Rwanda’s daily English newspaper – April 10th, 2018
- 10 A publication by the World Bank & the International Center for Tropical Agriculture (CIAT); “*Climate-Smart Agriculture in Rwanda: Climate-smart agriculture (CSA) considerations*”, 2015
- 11 Government of Rwanda and One United Nations – Rwanda; “*Joint program document for support to the development and implementation of value chains program in Rwanda*”, 2014-2018
- 12 KANYANGOGA J. (2017), “*Agro-Industrial Development Policies: What Nexus to Climate, Food Security, and Trade? – Rwanda*”. Geneva. CUTS International, Geneva.
- 13 Institute of Policy Analysis and Research (IPAR): “*Rwandan agriculture sector situational analysis*”; An IPAR Sector Review
- 14 This is especially so because Rwanda does not want to use related regulations as trade barriers against its trade partners under various international and regional agreements, such as, the EAC Common Market Protocol
- 15 Government of Rwanda – Ministry of Trade, Industry and East African Community Affairs (MINEACOM); “Rwanda National Industrial Policy (2011)”
- 16 KANYANGOGA J. (2017), “*Agro-Industrial Development Policies: What Nexus to Climate, Food Security, and Trade? – Rwanda*”. Geneva. CUTS International, Geneva.
- 17 Hazard Awareness and Critical Control Point; an internationally-recognized standards system in food-processing and hospitality sectors

About the Book

This study was commissioned by ACORD Rwanda with support from CUTS International with a view of assessing the best ways of implementing Rwanda's industrial policy for agro-processing and purposely to bring on board the views of key players and stakeholders countrywide, especially those who are directly involved in agro-processing, to work together and to be coordinated within National Agro-processing Forum (NAPF). The study proposes the main features of a National Agro Processing Forum (NAPF), including its mandate, objectives, composition, institutional framework and thematic areas to be covered towards promoting climate-aware, trade-driven and food security-enhancing agro-processing development.

The study reveals that currently, agro-processing is the largest manufacturing sub-sector in Rwanda with output worth Rwf197 billion in food and beverages production alone which is about 70 per cent of total manufacturing. It is the emerging sector in the economy considering its role in employment, income generation and food security. Nonetheless, the sector is not yet fully developed to fully address the national needs especially in the area of food security. According to the Comprehensive Food Security and Vulnerability Analysis (CFSVA) Report (2015) by the National Institute of Statistics of Rwanda (NISR), Rwanda's domestic food production does not fully satisfy the demand for inputs by the agro-processing firms (both with regards to quantity and quality of inputs).

To fully unleash the potential of agro-processing in Rwanda, the study points out the challenges that have to be addressed which are related to trade, climate change and food security. The study further proposes the establishment of the National Agro-Processing Forum (NAPF) to provide space for effective collaboration among the key stakeholders within the sector. This will then allow them to successfully advocate for the formulation and implementation of a proper, relevant and specific agro-industry policies/ strategies to further enhance the development potential of agro-processing.

The study concludes by indicating that, agro-processing in Rwanda is very important and continued efforts are in place to maximize its potential as a pathway to sustained economic growth and food security in the country. The study further concludes with the following proposals: Establishing and Supporting the National Agro-Processing Forum (NAPF); Putting in place an agro-processing policy; Enhancing communication outreach; and Launching the NAPF as soon as possible.

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