REPUBULIKA Y'U RWANDA
UBUMWE - UMURIMO - GUKUNDA IGIHUGU

THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT

A Programme of the African Union

Comprehensive Africa Agriculture Development Program (CAADP)

RWANDA

Review of Ongoing Agricultural Development Efforts

1

Between 2000 and 2005, total output and average crop productivity growth in terms of annual yields were quite strong for most crop subsectors, especially rice and wheat. There were also significant increases in livestock numbers (driven by the sheep and pig sectors) and in milk production as a result of a joint effort by the government and the private sector to develop the dairy cattle industry.

Despite the generally positive trends, however, crop productivity in Rwanda is still very weak compared to its potential because of accelerated soil degradation and a very poor use of improved seeds and fertilisers. Due in large part to the scarcity of breeds with high genetic potential, the milk supply also remains very low. Rwanda must rely on imports for more than 30 percent of its milk consumption.

Rwanda depends heavily on agriculture as the main source of export revenue. The traditional exports—coffee, tea, pyrethrum, and hides and skins—represent 71 percent of the country's export revenue. Because of the government's recent emphasis on quality improvement and better marketing, the price of fully washed green coffee increased 25 percent from 2004 to 2005, and the price of ordinary coffee increased 51 percent. In 2004, a price premium was introduced to encourage good tea-leaf quality, resulting in Rwandan tea being first for quality at the Mombasa tea auctions. However, the tea sector still faces challenges in increasing production and productivity.

Per capita income in Rwanda is currently US$250, equivalent to only 25 percent of the per capita income targeted for 2020; about 60 percent of the population still earns less than US$1/day. The average caloric consumption deficit is about 15 percent, but increases to nearly 30 percent for proteins and about 70 percent for lipids. The main contributors to energy requirements in Rwanda are banana, Irish potato, beans, cassava, and sweetpotato. Beans are the main source of protein, followed by sweet potato and sorghum. Maize, beans, groundnuts, and soybeans provide lipids. However, production of sweet potato, beans, banana, and cassava has been declining over time. Together with sorghum, these five crops constitute more than 70 percent of the consumption basket in rural areas.

LONG-TERM ECONOMIC DEVELOPMENT STRATEGIES & AGRICULTURAL DEVELOPMENT FRAMEWORKS

Agriculture in the Vision 2020

Agriculture will remain the major engine of growth under the Vision 2020, with a projected growth rate of at least 7.5 percent until 2010—contributing 45 percent of total GDP—and then decreasing to an average rate of 6.7 percent in 2020. Total agricultural production is expected to triple from 2000 to 2020, and the value of total agricultural exports will increase five- to ten-fold. This is to be achieved through the practice of skills-based and market-oriented agricultural production, increased land productivity, and value addition to agricultural produce. The number of people employed in agricultural production is expected to decrease to 50 percent of the population, while land farmed with modern technologies will increase from 3 percent in 2000 to about 50 percent in 2020. Sustainable land-use management will be commonly used and soil-protection techniques will be employed on at least 90 percent of all cultivated land. Fertiliser application is expected to rise by 3,000 percent.

The Poverty Reduction Strategy (PRSP)

According to Rwanda's first PRSP, prepared between 2000 and 2002, agriculture was to remain the driving engine of the economy, contributing 5.3 percent of overall GDP growth in order to achieve the targeted annual per capita growth of 4–5 percent. Increased fertiliser use was expected to play a critical role in achieving accelerated growth in the agricultural sector. However, an independent evaluation of PRSP-I in 2006 indicated that while some progress was made, particularly in the coffee and rice industries as well as in restocking, agricultural growth has remained largely vulnerable. Also the expected substantial increase of fertiliser use and its impact on land productivity remained significantly below target. The low use of other farming-intensification measures, combined with the lack of a well-functioning agricultural extension system, has significantly contributed to the generally poor performance of the agricultural sector.

The National Agricultural Policy (NAP)

The NAP was developed in April 2004 as a framework for the effective implementation of the government's development strategies in line with the Vision 2020 goals and the PRSP medium-term objectives in the agricultural sector, as well as with other relevant national, regional, and international development frameworks and policies. The NAP's key principles are: (i) to pursue food security instead of food self sufficiency; (ii) to better integrate agriculture into the national economy and enable it to become a viable, profitable, and non-seasonal income-generating profession; (iii) to recognise the strategic role of research and extension; (iv) to move toward market-oriented agriculture by promoting selected commodities for which the country has comparative advantages; and (v) to establish an adequate and effective institutional framework to ensure a conducive environment for the successful implementation of the Policy.

The Strategic Plan for Agricultural Transformation (PSTA)

The PSTA was adopted in 2005 to provide a comprehensive framework for the operationalisation of the NAP. It forms the framework for investment planning and budgeting in the agricultural sector for the government and increasingly for most development partners active in the sector. It consists of four priority programmes: (i) Intensification and Development of Sustainable Production Systems; (ii) Professionalisation of Producers; (iii) Promotion of Commodity Chains and Development of Agribusiness; and (iv) Institutional Development.

INVESTMENT PROGRAMMES UNDER PSTA/EDPRS

As defined in Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS), the overall agricultural sector goal during the five-year period from 2007 to 2011 is to achieve sustainable economic growth and social development, leading to the increase and diversification of household incomes and ensuring food supply and food security for the entire population. That goal is to be achieved through the four priority programmes listed above and summarised below:

The Intensification and Development of Sustainable Production Systems

The programme's objective is to achieve an average annual growth rate of 7 percent for the sector as a whole by 2011, against a 2006 baseline of 0 percent. For the food-crop and export sectors, the corresponding objectives are 6 percent and 8 percent, against baseline values of –2.1 and 7 percent, respectively. The programme consists of six subprogrammes, with the following targets:

Sustainable Soil Conservation: to increase the total area protected against soil erosion from 40 percent to 100 percent.

Marshland Development: to expand sustainable farmed marshland areas from 11,105 ha to 20,000 ha for year-round utilisation to produce high-value crops, particularly rice.

Irrigation Development: to raise the share of area under irrigation from 1 percent to about 5 percent and to increase the area under hillside irrigation from 130 ha to 3,200 ha.

Support for the Supply and Utilisation of Agricultural Inputs: to increase the rate of application of improved seed from 3 percent to 20 percent, and of fertilisers from 4 kg/ha to 20 kg/ha.

Improvement and Diversification of Animal Production: to reach the following levels of supply in 2011, measured in 1,000 mt against 2006 baseline (in parentheses): milk: 290 (120), meat: 61 (49), fish: 17 (7), eggs: 3.3 (2.5), and honey: 4.25 (1).

Improvement of Food Access and Vulnerability Management: to raise output in key food-crop sectors, measured in 1,000 mt against 2006 baseline (in parentheses): maize: 178 (97), beans: 306 (250), rice: 86 (35), banana: 3,000 (2,500), cassava: 1,200 (965), potato: 1,400 (1,150), wheat: 43 (20), sorghum: 182 (22), soybeans 27 (21), sweetpotato: 1,120 (920), and yam: 180 (147).

Support to Professionalisation of Producers

The programme's objective is to improve the access to and quality of services through the following four subprogrammes:

Promotion of Farmers' Organisations and Capacity Building of Producers: to increase the number of professional producer organisations, particularly women's organisations, by raising the number of agricultural cooperatives from 1,105 to 3,000.

Restructuring of Services to Producers and Rural Innovation: to halve the number of households reached per extension worker from 3,000 to 1,500, and to increase the number of demonstration plots from one per province to one per district.

Promotion of Research for Development: to build institutional capacity and increase the number of qualified researchers at the Agricultural Research Institute of Rwanda (ISAR) from 65 to 300.

Rural Financial Systems and Agricultural Credit Development: to raise the share of agriculture in total credit from 3 percent to 15 percent.

Promotion of Commodity Chains and Development of Agribusiness

The expected outcome of the programme is expanded access to domestic and export markets through greater

Table 1 – Output Targets for Selected Food Crops

Crop	Baseline 2006 (1,000 mt)	Target for 2011 (1,000 mt)	Crop	Baseline 2006 (1,000 mt)	Target for 2011 (1,000 mt)
Maize	97	178	**Wheat**	20	43
Beans	250	306	**Sorghum**	182	22
Rice	35	86	**Soybeans**	21	27
Banana	2,500	3,000	**Sweetpotato**	920	1,120
Cassava	965	1,200	**Yams**	147	180
Irish potato	1,150	1,400			

competitiveness and diversification of production, through the following four subprogrammes and targets:

Export Promotion and Business Development: to boost tea, coffee, and horticultural production by 50 to 60 percent, and double output in the pyrethrum and hides and skins sectors.

Promotion and Development of Specialty Crops: to increase value addition by raising the share of fully washed coffee from 10 percent to 100 percent; of good leaf tea from 70 to 80 percent, and the share of horticultural production that is exported from 0.15 to 2 percent; in addition to expanding areas for silk production from 15 ha to 10,000 ha.

Transformation and Competitiveness of Agricultural and Animal Products: to increase the number of farmers and farmers' cooperatives integrated in the commodity chain from 5 percent to 40 percent, and increase the number of firms meeting international export standards from 1 to 12.

Development of Rural Infrastructure: to improve the market accessibility of agricultural products through the rehabilitation, construction, and maintenance of rural roads, rural markets, storage facilities, and slaughterhouses.

Institutional Development

The programme's objective is to achieve a strengthened and more effective institutional framework through a steady increase in the share of the budget allocated to the sector to 10 percent, the realisation of adequate staffing at all levels, and comprehensive monitoring and evaluation—including improved availability and access to high-quality information—to allow evidence-based and result-oriented planning and implementation.

AGRICULTURAL FUNDING AND TECHNICAL INSTITUTIONS

Public Agricultural Sector Funding: The National Investment Strategy (NIS)

The NIS makes projections of the necessary public investments in all sectors in order to achieve the PRSP objectives. According to the NIS, gross domestic investments from both the public and private sectors have to increase from 18 percent GDP in 2001 to 20–22 percent GDP in 2010 in order to achieve a GDP annual growth rate of at least 7 percent, which is necessary to attain the PRSP objectives. Corresponding public investments in the agricultural sector are to increase from 8.3 billion FRw in 2002 to a peak of 14.7 billion FRw in 2006, then gradually decrease to 10.4 billion FRw in 2010. It is expected that from 2007 onward, the private sector will be the driving engine of growth and will greatly contribute to private investments in agriculture.

Public agricultural financing is carried out according to the Public Investment Programme (PIP) and is budgeted according to the Medium Term Expenditure Framework (MTEF). The resources allocated to the agricultural sector in the past five years have been far lower than what is required to achieve the PRSP and Vision 2020 objectives

Table 2 – Cost of EDPRS/PSTA Programmes under Three Funding Scenarios

Programme	Budget 2007[1] (billion FRw)	Cost for 2007 Unconstrained Scenario (billion FRw)	Cumulative Cost 2007–2011 Base Scenario (billion FRw)	Cumulative Cost 2007–2011 Medium Scenario (billion FRw)	Cumulative Cost 2007–2011 Unconstrained Scenario (billion FRw)
1. Intensification and Development of Sustainable Production Systems	8.9	79	155	215	437
2. Support to Professionalisation of Producers	2.2	11	13	19	66
3. Promotion of Commodity Chains and Development of Agribusiness	6.7	5	6	11	26
4. Institutional Development	2.1	3	5	8	16
TOTAL – MINAGRI	19.9	98	179	253	545

[1]Budget includes Recurrent Budget, Development Budget, and transfers to districts.

and do not meet the Maputo goal of allocating at least 10 percent of the total government budget to the agricultural sector. The percentage of funds allocated to the agricultural sector fell from 8.63 percent in 2002 to 3.28 percent in 2006, mostly due to inadequate resources and a lack of properly prepared sector strategies under the PRSP. Significantly increased funding for priority areas such as energy and fuel and transport and communication has also contributed to lower allocations to the agricultural sector.

Private Agricultural Sector Funding

Two non-commercial banks, the Banque Rwandaise de Developpement (BRD) and the Union de Banques Populaires (UBP), play a significant role in agricultural financing. Total BRD loans to the agricultural sector rose by about 250 percent from 2001 to 2004. However, while BRD lending approvals to the agricultural sector have increased, disbursements have not, falling by more than 66 percent from 2004 to 2005. UBP are credit and savings cooperatives that provide medium, small, and microcredit loans to their members. There are currently 149 branches in 102 of the country's 106 former districts. From 2001 to 2004, loans to the agricultural sector rose from 7.2 percent to 13.4 percent of total approved loans.

Parastatals and Other Public-Sector Institutions

Rwanda Agricultural Development Authority (RADA): RADA's objective is to contribute to the growth of agricultural production through the development of appropriate technologies and to provide advisory, outreach, and extension services to stakeholders in agriculture to allow them to modernise the sector according to the framework established by Vision 2020, PRSP, NAP, and the PSTA.

Rwanda Animal Resources Development Authority (RARDA): By utilising strategies similar to those employed by RADA, RARDA aims to contribute to the growth of animal production in Rwanda.

OCIR-Thé: OCIR-Thé's major objective is to make the Rwandan tea industry become a competitive sector by producing and exporting quality teas in different forms—bulk, blended, and packaged.

OCIR-Café: OCIR-Café's main objectives include supporting increased quality coffee production, supporting coffee processing and value addition, and increasing the promotion and marketing of Rwandan coffee.

The Agricultural Research Institute of Rwanda (ISAR): ISAR's mission is to develop and disseminate agricultural knowledge, information, and technologies that contribute to economic growth and social welfare. However, a number of factors have affected its performance, including (i) difficulties in allocating limited financial resources to a huge number of research programmes; (ii) inadequate compensation and lack of clear career development paths for researchers; (iii) insufficient regional cooperation; (iv) poor linkages between research, extension, and farmers; and (v) high dependency on external funding.

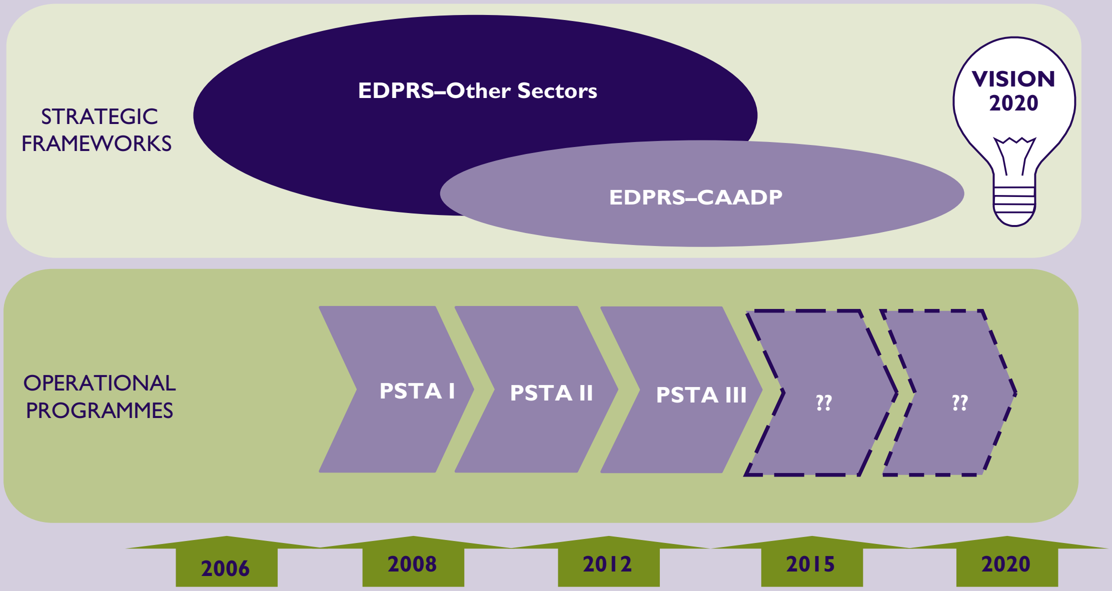
Producer Organisations

The 12,934 farmers' cooperatives or associations in Rwanda—almost 70 percent of which operate in the agricultural sector—face many challenges that affect their performance: (i) absence of an enabling legal environment; (ii) organisational weaknesses and lack of ownership by members; (iii) limited technical and managerial capacities, (iv) poor profitability, and (v) lack of adequate human and financial resources. Therefore, within the context of its Cooperative Promotion Policy, the government intends to create a National Cooperative Agency to strengthen cooperatives by building institutional capacity, providing extension services, and assisting their development alongside other commercial enterprises.

VISION 2020, EDPRS, CAADP, AND THE PSTA

The goal of the Comprehensive Africa Agriculture Development Programme (CAADP) process in Rwanda is to support the development of a comprehensive rural development component under the Economic Development and Poverty Reduction Strategy (EDPRS), which is aligned with the CAADP objectives and principles that Rwanda and other African countries have collectively defined as part of the broader agenda of the New Partnership for Africa's Development (NEPAD). While the Vision 2020 provides long-term guidance on a broad number of national-level objectives, the EDPRS is a medium-term programmatic framework seeking to integrate development efforts across key economic sectors. CAADP combines the long-term outlook of the Vision 2020 with the programmatic focus of EDPRS, applied to the agricultural sector. The PSTA, on the other hand, has a strong short-term, operational nature and a primarily subsectoral focus within the agricultural sector. It defines and pursues the implementation of the short-term investment and policy measures that are required at the subsectoral level to achieve the sectorwide objectives specified in the EDPRS and CAADP frameworks.

Figure 1– Relationship between CAADP, EDPRS, and PSTA



Definitions and Descriptions

Vision 2020: A long-term, national-level strategic framework that is indicative in nature.

EDPRS *(Economic Development and Poverty Reduction Strategy*): A medium-term, multisector, comprehensive framework, guided by the Vision 2020, with a current time horizon to 2012.

CAADP *(Comprehensive Africa Agriculture Development Programme):* A long-term agricultural sector-specific framework, imbedded in but reaching beyond the current EDPRS.

PSTA *(Strategic Plan for Agricultural Transformation):* A set of agricultural, subsector-specific operational programmes to be implemented with the objective of achieving the EDPRS and CAADP objectives in the medium and long term, respectively.

Programmatic Relationships

- **CAADP** programmatically translates the Vision 2020 by giving it a substantive content for the agricultural sector.
- **CAADP** provides sector-specific guidance for the definition of the agricultural sector component of current and subsequent EDPRS programmes.
- **CAADP** sets the strategic framework that guides the implementation of the current and future PSTA or similar subsector investment programmes.

This brief is based on a report by experts from Rwanda with assistance from the International Food Policy Research Institute (IFPRI).

REPUBLIC OF RWANDA

NEPAD Secretariat, Office of the President
P. O. Box 15
Kigali Rwanda
Tel.: (+250) 59062126
info@nepad.gov.rw
www.nepad.gov.rw

Ministry of Agriculture and Animal Resources
P. O. Box 621
Kigali Rwanda
Tel: (+250) 585008
info@minagri.gov.rw
www.minagri.gov.rw

This brief has been printed on SoporSet®, an alternative-fiber paper manufactured from agriculturally sustainable resources that are processed chlorine-free (PCF).