RWANDA COMPREHENSIVE AFRICA AGRICULTURE DEVELOPMENT PROGRAM II (CAADPII)/PSTA III
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EXECUTIVE SUMMARY

INTRODUCTION AND CONTEXT

Rwanda continues to make substantial progress in making a successful transition from genocide to peace and development. This is reflected in rapid and sustained overall economic growth, agricultural sector growth, and reduced poverty levels, among other indicators. The Government has outlined needed ambitious plans to sustain and expand these gains, as outlined in the EDPRS II, and its PSTA III, which is expected to play a key role in helping to transform the agricultural sector from a subsistence to increasingly commercially oriented and competitive sector. The private sector is expected to play an expanded role, in close collaboration with the public sector, led by MINAGRI. It is currently operationalizing the PSTA III through a number of complementary instruments, including the formulation of a results framework, an updated agricultural sector investment programme, and a supporting updated M&E framework. In each of these instruments, the private sector will play an expanded role, which will need to be nourished and appropriately supported. This includes a series of consultations with the private sector.

The goals of the Private Sector consultation session held on March 27, 2014 were to:

- Provide an opportunity to the private sector, particularly domestic businesses, to: (a) initiate discussion and feedback around national public investment plans for the agricultural sector; (b) influence decisions on policy reforms to be enacted by GOR; and (c) to contribute to the prioritization of agricultural public agricultural investments (and those which will stimulate expanded private sector investments);
- Stimulate intentions of expanded private sector investments in the agricultural sector, including through new public-private partnership models; and
- Promote institutionalization of mutual accountability principles between GOR and private sector actors by strengthening existing public-private partnership dialogue forums and other processes and mechanisms.

The specific objectives of the discussions were to:

- Ensure the integration of a private sector “perspective” on the draft Results Framework for PSTA III (dated March 26, 2014); and
- Identify priority policy issues and public investments which could enhance the incentives to promote expanded private sector investments and public-private sector partnerships, in support of operationalizing PSTA III.

The consultation was attended by 86 representatives/experts, covering a wide range of stakeholder groups: (i) Public sector, (ii) Private sector, (iii) Producers/Farmers and their groups (iv) Civil Society/NGO; (v) Research Institutions; and Development Partners (DPs).

The consultation was facilitated through 4 plenary presentations on strategic themes (e.g., overall CAADP process, competitiveness study findings, results framework, and private sector investment strategy framework) and 4 small group discussions, facilitated by guide questions, and then consolidated through a final plenary session.
SUMMARY OF KEY MESSAGES

Overall:

- The three presentations were well received and appreciated by the participants, in terms of the presentations which highlighted relevant issues, information, and points for the group and plenary discussions;

- There appeared to be common interests and understanding of the main issues and high importance of working together to promote and expand the role of an inclusive private sector and its investments, and closer collaboration/partnerships with the Government and other key stakeholders;

- There is a common and keen interest in coming up with an institutionalized mechanism to conduct on-going dialogue and to focus on solving key issues faced by the private sector. There is a need to carry out an inventory of and lessons from existing mechanisms and processes for public-private sector dialogue and working together in the agricultural sector, and to identify the gaps, and an appropriate proposal to enhance such dialogues. It is proposed that a small working group be established to formulate an appropriate proposal, based on above mentioned inventory exercise. The group could be comprised of representatives from public and private sectors, as well as interested development partners (e.g., USAID, WB, EU, others). MINAGRI and RDB could co-coordinate this initiative;

- Building on the above points, participants expressed keen desire for systematic follow up on the proposed actions. It will be important to work out the most suitable mechanism to facilitate this follow up actions, including monitoring and periodic reporting of progress.

Key Messages from the Group Discussions. Some of the more important and common key messages included the following points:

- One of the main constraints to promoting expanded private sector role and investments in the agricultural sector is due to inadequate policies. A number of key issues of major concern to the private sector included: VAT; land issues, infrastructure requirements; import restrictions; adequate incentives (including knowledge of existing ones); access to finance and agricultural insurance;

- There is a range of human resource capacity constraints, including extension service models, input suppliers; lack of skilled employment for skills required by the private sector. Accordingly, Government needs to provide training to the right persons, who can use the enhanced knowledge and skills;

- MINAGRI needs to get support from Immigration Department, to ensure the right experts are able to visit the country and provide the required assistance;

- There is a basic lack of trust between departments, and also between public and private sectors (e.g., the lack of systematic and timely follow-up on agreed actions contributes to this distrust);

- Private sector has interest in expanding investments, but there are some capacity issues in various subsectors;

- There is a request to establish a working group to assess the current initiatives/mechanisms for private-public sector dialogue and problem solution, and to determine the gaps, and required institutional mechanism(s) and processes which can enhance this collaboration;
Private sector needs to be a part of the formulation of the proposals, and needs to be well informed of existing and proposed incentives (e.g., crop insurance, catalytic investment mechanism);

Clarifying the role of Government (within Government) in strengthening the dialogue with private sector, including effective mechanisms for collaboration and harmonization (e.g., RDB to serve as a central focal entity for enlisting private sector engagement; use of task force(s);

Some participants shared their views on indicative investments by the private sector involving various sector/subsectors (e.g., seeds, others), which could result in substantial sums, but which will depend on various factors, especially policy environment and incentives.

FRAMEWORK ACTION PLAN

In conclusion, it was agreed that it will be important for MINAGRI and private sector stakeholders to carry out and monitor the strategic recommendations and corresponding follow-up actions arising from this consultation session. This report includes a proposed framework action plan, which is intended to support the achievement of the results as outlined in the Results Framework for PSTA III, while recognizing the vital role of effective public and private collaboration and partnership. The 8 thematic areas of the action plan include:

- Utilize PSTA III and Updated/Enhanced Results Framework (which includes the role of the private sector);
- Ensure updated, Coherent and Prioritized Agricultural Sector Investment Programme (including indicative private sector investments);
- Apply relevant Findings from the Recent Agricultural Competitiveness Study;
- Tap Existing incentives/mechanisms to promote expanded role of the private sector;
- Mobilize new/enhanced incentives and supporting mechanisms to expand private sector role/effectiveness;
- Conduct inventory and strengthen on-going institutional and consultation processes (public-private sector collaboration/partnerships);
- Strengthen M&E Systems and Lens, which can help ensure effective tool for achievement of key targets, and making relevant adjustments; and
- Nourish mutual accountability mechanisms/processes, for both public and private sector roles.
1. BACKGROUND, OBJECTIVES AND APPROACH

1.1 BACKGROUND

Rwanda has made remarkable transition from genocide to peace and development. Between 2000 and 2012, GDP growth averaged 8.1% per year. Development efforts have been significant and financed largely by donor funds. However, despite this impressive performance in the last decade and particularly in the last 5 years, substantial challenges still remain. Rwanda remains a low-income country with annual per capita income of US$644 in 2012, and more than 45% of the population lives below the national poverty line. About one in four rural households live in extreme poverty. Poverty is still mostly a rural phenomenon in Rwanda with a 49% poverty rate in rural areas compared to 22% in urban areas.

In June 2013, the Government of Rwanda (GOR) completed a national consultative process that resulted in the development of its medium term strategy, the Economic Development and Poverty Reduction Strategy (EDPRS II). The EDPRS II lays out economic growth trends projections for the next five years across all sectors, including agriculture. The agriculture sector is identified as a key sector and a significant engine of growth in the strategy, considering that the increase in production accounted for about 45% of the reduction in poverty as observed over the last decade. The EDPRS II sets goals of 8.5% annual agriculture growth, as a major contributor to achieving the targeted 11.5% national annual economic growth.

In July 2013, the GOR, through the Ministry of Agriculture and Animal Resources (MINAGRI), launched its CAADP II cycle in a semi-annual Agricultural Joint-Sector Reviews during which the GOR presented and discussed its proposed third five year Strategic Plan for the Transformation of Agriculture (PSTA III). It is comprised of 4 programmes and 24 subprogrammes. As part of the preparation for CAADP II, a number of studies have been commissioned to inform the design of an agriculture investment plan. These include: (1) agricultural growth simulations carried out by the International Food Policy Research Institute (IFPRI) to identify the appropriate mix of investments needed to achieve economic growth targets; and (2) an analysis of the competitiveness of value chain investments, carried out by the Associates for International Resources and Development (AIRD). The first study was completed and presented to selected stakeholders. The second study’s preliminary findings were presented in December 2013 and were completed in February 2014.

Recently MINAGRI has prepared a draft results framework (draft dated March 7, 2014) to help operationalize the PSTA III, and its components/subprogrammes. The RF is a tool to help strengthen the results chain of the various programmes/subprogrammes and to help prioritize the strategic roles of public and private sector and lines of action of PSTA III. Given the large number of sub-programmes, there are important gaps of the RF which still need to be completed. At the same time, completing the RF will facilitate the consultation processes with and inputs from key stakeholders, including diverse private sector actors.

An important next step in the CAADPII process for Rwanda will be Government’s substantive engagement with the private sector in order to: (i) “ground truth” key findings and recommendations from analytical studies, and from the draft final Results Framework for PSTA III, especially to ensure the integration of a private sector “perspective”; and (ii) identify priority policy issues and public investments
which could unleash agricultural growth and achievement of strategic targets for the agricultural sector. Given the GoR’s desire that agriculture growth be increasingly led by a broad-based private sector, its relationship and appropriate partnerships between private and public needs to be strengthened. Establishing and institutionalizing a process for systematic public-private collaboration will be a concrete signal for the GoR’s new approach to doing business as reflected in EDPRS II and PSTA III, and to provide a platform for collaborative problem solving in order to meet the goals and targets of PSTA III, as well as to make the expected contributions to EDPRS 2.

To achieve the ambitious targets as highlighted by the GOR, increased private sector investment, and consequently enhanced private sector engagement in policy reform and agricultural investments will be necessary. Therefore, MINAGRI, with support from USAID/Rwanda, organized a CAADP II/PSTA III Private Sector Roundtable dialogue process

Accordingly, on 27th March 2014, a CAADP II Private Sector Roundtable consultation was held in Kigali-Rwanda at Serena Hotel, bringing together relevant public and private sector players. It is a step in the CAADP II process called Private sector consultations. The Ministry of Agriculture and Animal Resources and the Rwanda Development Board, with support from USAID (through Africa Lead), prepared the consultation workshop

The aim of the CAADP II Private Sector Roundtable Discussion was to facilitate well-focused discussion and further private sector inputs on PSTA III, the two studies mentioned above, and the draft Results Framework (based on an updated draft RF of March 26, 2014). The GOR expects the private sector to provide inputs to the investment plan by identifying needed and prioritized policy reforms/actions that will stimulate expanded private sector involvement, to explore and discuss formation of public-private partnerships that will materialize deals between regional, international companies and local private sector, and to formalize expressions of interest in investing in potential and competitive high return agriculture value chains.

The objective of this consultation process is to promote a positive investment climate for stimulating inclusive private investment (both international and domestic) by closing the gap in trust between the public and private sectors and to foster a joint process for identifying major constraints and appropriate responses, to be followed by effective implementation. This CAADP II Private Sector Roundtable meeting also will trigger a series of follow-up roundtable meetings in the course of the next five years. The purpose of the follow-up meetings will be for private sector and GOR to assess and enhance progress on: policy reform implementation, selected models of negotiated public-private partnerships, and private cluster business initiatives.

1.2 GOALS/OBJECTIVES OF CONSULTATION SESSION

The goals of the Private Sector consultation session were to:

1. Provide an opportunity to the private sector, particularly domestic businesses, to: (a) initiate discussion and feedback around national public investment plans for the agricultural sector; (b) influence decisions on policy reforms to be enacted by GOR; and (c) to help prioritize public agricultural investments (and those which will stimulate expanded private sector investments);

2. Stimulate intentions of expanded private sector investments in the agricultural sector, including through new public-private partnership models; and
3. Promote institutionalization of mutual accountability principles between GOR and private sector actors by strengthening existing public-private partnership dialogue forums and other processes and mechanisms.

The consultation was attended by 86 representatives/experts, covering a wide range of stakeholder groups: (i) Public sector, (ii) Private sector, (iii) Producers/Farmers and their groups (iv) Civil Society/NGO; (v) Research Institutions; and Development Partners (DPs). Annex 1 provides further details of the agenda and Annex 2 shows the list of participants.

The specific objectives of the discussions during the consultation were:

- Ensure the integration of a private sector “perspective” on the draft Results Framework for PSTA III (dated March 26, 2014); and
- Identify priority policy issues and public investments which could enhance the incentives to promote expanded private sector investments and public-private sector partnerships, in support of operationalizing PSTA III.

### 1.3 CONSULTATION APPROACH

There were three main components to the consultation: (a) brief presentations on core aspects of the PSTA III, focusing on key aspects related to private sector role (e.g., CAADP processes; competitiveness strategy study findings); and summary of the updated PSTA III Results Framework; (b) small group discussions, based on guide questions (see below) which link to the main presentations, from the perspective of the designated SPs; (c) plenary discussion to pull together the key points arising from the group discussions. The substantive aspects of participation were facilitated through four small discussion groups (about 15 participants each). Each group was organized in accordance with selected themes/subprogrammes of the PSTA III (covering 11 out of the 24 SPs), which involve a “major” role for the private sector (See Annex 1 for the detailed Agenda of the consultation workshop):

- **Group A:**
  - Programme 1: Sustainable Agriculture and Animal Resource Intensification, focusing on three Subprogrammes (1.1 – 1.3):
    - 1.1: Soil and Conservation; 1.2: Irrigation and Water Management; and 1.3: Agricultural Mechanization);

- **Group B:**
  - Programme 3: Value Chain Development and Private Sector Investment, focusing on three subprogrammes (3.1 – 3.3):

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1. Due to time constraints, the presentation of these findings was not made during the consultation workshop. The full report and slides have been sent to the workshop participants, for their information and feedback.

2. Prior to the consultation workshop, MINAGRI staff had engaged in an intensive process of updating the RF (and its 24 SPs), culminating in a consultation workshop held on March 21, 2014. The updated RF (dated March 26) also was electronically distributed to the workshop participants.

3. Each participant had been pre-assigned to one of the four discussion groups, based on his/her organization and areas of interest, with respect to the above discussion groups and corresponding themes/SPs. There was some flexibility such that participants were allowed to change group according to their main interests, while ensuring there was balance in the overall numbers of each discussion group. The four discussion groups ended up being well balanced.
• 3.1: Creating a Conducive Environment for Private Sector Investment;
• 3.2: Development of Priority Value Chain: Food Crops
• 3.3: Development of Priority Value Chains: Export Crops

**Group C:**
- Programme 3: Value Chain Development and Private Sector Investment, focusing on three subprogrammes (3.4 – 3.6):
  - 3.4: Development of Priority Value Chains: Dairy and Meat
  - 3.5: Development of Priority Value Chains: Fisheries
  - 3.6: Development of Priority Value Chains: Apiculture

**Group D:**
- Programme 1: Sustainable Agriculture and Animal Resource Intensification (SP 1.5: Seed Development):
- Programme 3: Value Chain Development and Private Sector Investment (SP 3.7: Agricultural Finance).

For each of the 4 small discussion groups, there were pre-selected group facilitators (from MINAGRI and its agencies) who were familiar with the workshop’s main subject matter (especially the updated results framework). Each discussion group selected a rapporteur who also provided a brief summary of the discussion during the afternoon plenary session.

**Translation Support:** During the meeting (on 27th March) there were a few Rwanda participants, especially from farmer organizations were not conversant with English. To help them actively participate in the meeting discussions, two local consultants were hired to provide simultaneous translation throughout the consultation (e.g., “whispering” approach which did not disturb the rest of the participants).
2. PRE-CONSULTATION PREPARATIONS

2.1 UPDATED/ENHANCED RESULTS FRAMEWORK

About ten days prior to the consultation workshop, MINAGRI staff reviewed, updated and completed the draft Results Framework for the PSTA III. Special attention was given to strengthening the results chain to secure realistic targets and to defining more precisely the appropriate roles of the public and private sectors and priority lines of actions. A workshop was held on March 21 to consolidate the results of the work by 24 sub programme teams. An important aspect of this work was to come up with an updated and enhanced version of the RF as a key input for the private sector consultation session.

2.2 PRE-CONSULTATION PREPARATIONS

The day before the consultation (on 26th March) a preparation meeting took place. It was attended by organizing staff from MINAGRI, USAID-Rwanda, Africa Lead II and its three consultants. The meeting focused on: reviewing/refining the proposed agenda; reviewing of the slide presentations, especially to ensure a strong linkage with the proposed guide questions for the group discussions; working out the approach to assigning participants to each of 4 discussion groups. After the meeting the Africa Lead team and the facilitator visited the hotel venue to prepare the room in a manner which would facilitate achievement of the above objectives, especially through the small discussion groups.
3. INTRODUCTION AND OPENING REMARKS

3.1 INTRODUCTIONS AND SETTING THE STAGE FOR THE CONSULTATION DIALOGUE

During the opening session, the consultation facilitator provided a brief overview of the consultation agenda. This was followed by brief self-introductions by all of the participants, which reflected a wide range of stakeholder representation.

3.2 OPENING REMARKS

- **USAID/Rwanda (Mission Director for Rwanda)**
  - Rwanda is a remarkable country; It has managed to reduce food insecurity and invest more in agriculture, with 8% growth in agriculture for the past 5 years
  - This growth has also come from improved business environment
  - Rwanda is the 32th place to do business in the world (2014)\(^4\,\!^5\)
  - Rwanda is committed to making the right choices in investment policy
  - Rwanda is easiest place on the list of countries to do business in Africa due to reduced risk of corruption\(^6\). Rwanda has a 100% on the score card of efficiency
  - Investors have confidence to invest in Rwanda. The coffee sector is a good example making opportunities for foreign investors to invest from some of the world
  - To ensure that Rwanda’s Vision 20/20 is achieved there is need to move to industrialization
  - USAID was one of the donor to supporting CAADP in Rwanda
  - The Feed the Future continues to reduce poverty and improve private sector investment
  - There is a renewed commitment from the Government of Rwanda to support private sector investment. This is very encouraging to the development partners.

- **World Bank (Agricultural Sector and Rural Development Coordinator for Rwanda)**
  - The meeting was about listening to the private sector to see areas that they can invest in
  - The meeting was an opportunity to hear from the private sector strategic thinking

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\(^4\) [http://www.doingbusiness.org/data/exploreeconomies/rwanda](http://www.doingbusiness.org/data/exploreeconomies/rwanda)


Private sector needs an enabling environment where it can be incentivized to expand its role and partnerships with public sector.

**Private Sector Foundation (President)**

- Government policy on the role of private sector was received well by the private sector.
- This shows that PSTA III is a policy framework that the private sector can operate under.
- More than 80% of development for Rwanda will come for the agriculture sector, hence the importance of this consultation dialogue with the private sector to work out enhanced ways of working together on an on-going basis.
4. SUMMARY OF PLENARY PRESENTATIONS

4.1 OVERVIEW OF PRESENTATIONS

The following slide presentations were prepared by the Ministry of Agriculture and the Rwanda Development Board (RDB): Items 1, 3 and 4 were presented in the plenary sessions (1 and 3 in the morning session, and presentation 4 in the afternoon session). Presentation 2 was not presented due to time constraints. However, the full workshop report has been distributed to the workshop participants for information/reference. See Annexes 3 - 6 for the slide presentations.

- Context and Background (CAADP I and CAADP II process); (Annex 3)
- Agriculture Competitiveness Strategies (Annex 4)
- PSTAI/CAADP II Results Framework: Role, Main features and Implications for the Private Sector (Annex 5)
- Agriculture Sector Investments: Opportunities and Supporting Incentives and Mechanisms (Annex 6)

4.2 PRESENTATION 1: CAADP: KEY LESSONS AND INSIGHTS (BY THE PS OF MINAGRI)

1) CAADP Context

- CAADP is a continental agenda
  - Agriculture is back on the political-policy agenda across Africa
  - Growing commitment to increase rural development budget allocation

- National transformational drive
  - Underlining agriculture as driver of economic growth, exports, poverty alleviation, food security and elimination of hunger
  - Drive to increase production, productivity and value addition
  - Improved planning and delivery of sector based policies and programmes and evidence-based, inclusive, prioritized, and clear budget
  - Catalyzing engagement (partnerships and alliances) across sectors
  - Renewed urge for quality data and information to support delivery
  - Renewed focus on delivering results

2) CAADP Implementation

- Institutional transformation / human-organizational development
• Policies / Policy formulation
• Leading to Investment Plans

3) Strategic Framework in Rwanda

Rwanda has 4 interlinked frameworks aimed at driving the agricultural sector:

- **Vision 2020**: 8.5% Agricultural Growth >> Agriculture 25% of GDP >> 40% of land modernized agriculture
- **EDPRS-II 2013/17**: Agriculture driving rural development >> Increased productivity and private investment >> 28% annual export growth
- **PSTA-III 2013/17**: Productivity and food security >> 8.5% sector based growth >> Agri-business and value addition
- **CAADP**: Sustainable growth >> Strategic investment in agriculture >> State and non-state dialogue/accountability

A. EDPRS II - Strategic Framework

The framework has 4 main thematic areas, each with specific agricultural sector priority areas:

1. Economic Transformation
   - Diversification of the economic base and better external and internal connectivity
   - Private sector investment in value chains and agro-processing facilities

2. Rural Development
   - Increased agricultural productivity to reduce poverty
   - Rural infrastructure development to connect farmers to markets

3. Youth and Productivity
   - Skills development and sensitization, focused on youth
   - Support entrepreneurship, access to finance and agri-business development

4. Accountable Governance
   - Institutional development to generate improved service delivery
   - Transparency and increased participation

B. PSTA III - Strategic Framework

The PSTA has 4 programmatic areas with specific priorities:

1. Program 1: Sustainable Agriculture and Animal Resource Intensification
   - Irrigation and land husbandry
1. Livestock intensification
2. Targeting nutrition
3. Privatizing input markets

2. **Program 2: Research and Technology Transfer, Advisory Services and Professionalization of Farmers**
   - Collaborative research based on farmers needs and the market
   - Private and targeted extension
   - Encouraging entrepreneurship

3. **Program 3: Value Chain Development and Private Sector Investment**
   - New forms of farming
   - Agricultural financing
   - Value chain approach
   - Soft and hard market infrastructure

4. **Program 4: Institutional Development and Agricultural Cross-Cutting Issues**
   - Gender and youth focus
   - Environmental mainstreaming
   - Knowledge management
   - Evidence based planning

**Sector Challenges and Opportunities**

Diverse sector challenges also present opportunities for innovation and growth

1. Agricultural growth lags behind services and industry with limited private investment due to risk perceptions:
   - Agricultural and livestock intensification, training and aggregating farmers
2. Need to generate, identify and tap national, regional and international demand for agricultural produce:
   - Identify and target new markets, attract increased investment with demand based approach
3. Constraints across value chains:
   - Quality and quantity issues with raw materials and inputs
   - Limited rural infrastructure with high costs
   - Lack of working capital and long term credit
• Low human capacity and limited innovation
• Small existing base of agro-processing
• A new value chain approach to increase market access, facilitate capital flows, generate premiums and reduce post-harvest losses

4) CAADP II: THE WAY FORWARD

CAADP II (2013/17):
• To deliver a new implementation cycle for the CAADP implementation process through PSTA III
  – Expectation:
    • Increased effectiveness, efficiency and competitiveness of the sector
    • Premium exports and value addition drive sector and national growth
    • Commercialization of the sector generates new market opportunities
    • Raised production and productivity increase incomes and reduce poverty
    • Staple crop production and nutrition integration supports food security
    • Strengthened vertical and horizontal capacity, from field to the Ministry, to drive forward transformational agenda of agriculture
• Business Level Meeting, June 9th and 10th 2014, Kigali, Rwanda
  – To discuss and agree on funding commitments, endorse the PSTA III investment plan and to sign the updated “compact”.

4.3 PRESENTATION NO. 2: AGRICULTURAL COMPETITIVENESS STRATEGIES

1) Domestic Growth Opportunity
• Rwanda’s business environment is ripe for agricultural investment
  – 8.2% national economic growth and stable macro-economic environment
  – Ranked 32nd out of 189 countries for doing business globally
  – Regulatory incentives include duty free for EAC and COMESA, 100% write off for R&D costs and increasingly simple tax code
• Investor appeal and competitive advantage in the region
  – Single digit inflation consistently below regional average
  – Good governance, strong institutions and low corruption
  – Robust capital markets with EAX based in Kigali
  – Domestic security and low crime rates
• Kigali Special Economic Zone provides physical and regulatory infrastructure for agri-business

2) Investment in Rwandan Agriculture

• Target of 8.5% average agricultural annual growth up to 2020
  – Growth analysis highlights structural transformation required
  – Supply and demand analysis show multiple and diverse market opportunities
  – Domestic Resource Cost (DRC) analysis identifies products with strong comparative advantage in export markets (I. potatoes, cassava, banana, tea, coffee, horticulture)
  – Increased importance of differentiated primary and processed product exports
• Multiple sector initiatives to facilitate sector based investment
  – Key strategic documents and processes of PSTA III, Grow Africa, CAADP II and the Results Framework all focus on market orientation and facilitating investment
  – Multiple and diverse opportunities for private sector investment identified and presented as potential investment packages, e.g. tea expansion, floriculture, horticulture wholesale market, dairy, aquaculture, animal feed etc
  – Agricultural Land Lease Charter and Contract/Corporate Farming arrangements

3) Return on Agricultural Investment

• Agriculture drives economic growth, exports and poverty reduction
• Average growth of 4.9% over the last five years, contributing about 36% of GDP
• Export crops contributed on average 48.1% of total export earnings from 2008-13
• From 2000 to date, registered private investments in the Agriculture sector totaled US$514 million cumulatively (185 projects)
• High potential identified for tea and coffee premium exports and increasingly emerging sub-sectors

These results are supported by 2014 analytical studies:
• Assessing Growth Alternatives and Public Investment Cost
• Agricultural Markets, Private Sector Development, Supply and Competitiveness Study

4) Next Steps – Institutional Framework

• Public Sector
  – Development of basic growth factors – irrigation, terracing, roads
  – Building skills and knowledge in the sector
  – Programmes to catalyze investment
• Private Sector
– Sharing costs with public sector
– Identifying profitable new opportunities and adding value

• Key partners for growth and sector development
  – Development Partners
  – Alignment with government implementation plans
  – Cost-sharing for public goods unattractive to private actors
  – Supporting poverty reduction, social support and nutrition drives

• Civil Society / Farmers
  – Local level policy planning and financing
  – Active participation in implementation and evaluation
  – Direct interactions with farmers and representative groups

5) Private Investment

• Rwanda to continue to improve institutional and infrastructural environment for improve business environment, including in labor-intensive manufacturing and agro-processing

• Rwanda to continue focus on agriculture in the phase of growth acceleration.
  – Agriculture essential to drive growth, reduce poverty and provide employment
  – Public investment essential condition for improving agricultural productivity
  – Agriculture-induced private investment is needed and mutually beneficial

• The transformation from a subsistence to a market-based sector is ongoing, the first step for a broad based transformation toward commercialization and private sector dominances

4.4 PRESENTATION NO. 3: UPDATED RESULTS FRAMEWORK FOR PSTA III (BY THE PS OF MINAGRI)

4.4.1 KEY ROLES/FEATURES OF THE RF

The RF serves as a tool and bridge and overall mechanism to help achieve national targets of Vision 2020, EDPRS II and to strengthen the results chain of PSTA III

• The RF is facilitating the updating, prioritization & costing of the PSTA III Investment Plan, and the forthcoming updating of the PSTA III M&E Plan (currently on-going activities)

• The RF helps sharpen the appropriate roles of public and private sectors and to identify strategic lines of action.

• The RF support efficient and effective achievement of strategic goals
• Operationalize and prioritize PSTA III and mobilize financing: Government, DPs, Private Sector, Civil Society

• The results framework identifies appropriate roles of public and private actors and PPPs and elaborates strategic lines of action

4.4.2 STRUCTURE OF THE RESULTS FRAMEWORK

• National Level:
  – PSTA III has strong linkages with Vision 2020, EDPRS II and the CAADP II via common objectives, strategic impacts and outcomes and their corresponding targets – the RF will achieve these overarching goals

• Sector Level:
  – The RF, based on a participatory process with key stakeholders:
    – Identifies the relevant programmes (4) and subprogrammes (24);
    – Generates the corresponding results chain for each programme/subprogramme, to achieve the desired changes/reforms: from impacts to outcomes to outputs to lines of action to interventions/activities
    – Results framework focuses on “reverse engineering”: establish the desired and required results, then works in reverse to determine what activities are needed?

• Establishes and applies prioritization criteria (for each SP & activity)
  – Achieving Vision 2020 & EDPRS II strategic objectives and targets;
  – Achieving increased crop, livestock productivity and food security targets;
  – Contribute to inclusive agricultural private sector investment;
  – Contribute to promote enhanced market focus commercialization and value addition;
  – Contribute to accelerated agriculture export growth

• Formulates the following key aspects for each SP and Programme:
  – Strategic Objectives (SOs);
  – Outcomes and Outcome Indicators, with baseline and targets
  – Key constraints (according to 3 types: policy, institutional and investment); a
  – Summary results chain (at SP level) = to a roadmap for change
  – Role of key actors – public, private, PPP, civil
  – Strategic Lines of Action

Participants received a copy of the PSTA III Results framework, and relevant excerpts were distributed and used during the group discussions.
The 4 programmes of the PSTA III are summarized below (together with some of the key result indicators and their targets\textsuperscript{7}).

### 4.4.3 PSTA III PROGRAMME 1: AGRICULTURE AND ANIMAL RESOURCE INTENSIFICATION
- Soil conservation and land husbandry: 73% (2012) rate of soil conservation increased to 91% by 2017
- Irrigation and water management: 70,000 Ha of irrigated land by 2017 (25,000 ha in 2012)
- Agricultural mechanization: Increase from 13% (2012) to 25% (2017) of farm operations
- Inputs to improve soil fertility and management: Increased use of fertilizer and lime
- Seed development: 100% of farmers using improved seed by 2017 (40% in 2012)
- Livestock development: 350,000 cows distributed by Girink (140,000 by 2012)

### 4.4.4 PSTA III PROGRAMME 2: RESEARCH AND TECHNOLOGY TRANSFER, ADVISORY SERVICES AND FARMER PROFESSIONALIZATION
- Research and technology transfer: New varieties of wheat, banana and potato developed and new pest control packages
- Extension and proximity services for producers:
  - Improved ratio of extensionists to farmer HH: 1/600 by 2017 (1/839 in 2012)
  - Increased quality and accessibility of extension
  - 1 agricultural committee and two farmer promoters per village
- Farmer cooperatives and organizations:
  - 70% of farmers in cooperatives by 2017 (up from 23% in 2012)

### 4.4.5 PSTA III PROGRAMME 3: VALUE CHAIN DEVELOPMENT AND PRIVATE SECTOR INVESTMENT
- Creating an environment to attract private investment, encourage entrepreneurship and facilitate market access
  - Agricultural catalytic fund operation by 2017
  - 50% of cooperatives linked to agro-processors by 2017
- Development of priority value chains:
  - Food crops

\textsuperscript{7} It should be recognized that some of these targets are being updated/adjusted, in accordance with the further enhancements of the RF and the likely availability of resources.
- Export crops
- Dairy and meat
- Fisheries
- Apiculture

- Agricultural finance
  - 18% of new loans given to agricultural activities (8% in 2012)
  - 200,000 farmers have ag insurance (20,236 in 2012)

- Market-oriented infrastructure
  - Post-harvest losses reduced to 5% (22% maize, 16% rice in 2012)

4.4.6 PSTA III PROGRAMME 4: INSTITUTIONAL DEVELOPMENT AND AGRICULTURAL CROSS-CUTTING ISSUES

- Institutional capacity building
  - Human resources plan developed and 50% of MINAGR staff received training according to capacity needs

- Decentralization in agriculture
  - 50% of district level staff receive capacity training

- Legal and regulatory framework
  - Annual review of existing policies, consultation and development of new policies to meet sector goals

- Agricultural communication, stats, M&E and MIS
  - MIS implemented and annual surveys conducted

- Cross-cutting themes
  - Gender and youth
    - Agricultural Gender Strategy 100% implemented
  - Environmental sustainability
    - SEA implemented and environmental auditing
    - 2000 agricultural practitioners trained in sustainable agriculture

- Food and Nutrition Security & household vulnerability
  - 91% of HH have acceptable food consumption (79% in 2012)
  - 80% of HH have functional kitchen gardens (58% in 2012)
4.4.7 OPERATIONALIZING PSTA III
The following were presented as the key stages (past, current and future) in the operationalization of the PSTA III:

- PSTA III Strategic Framework: Approved in June, 2013
- Formulation of “Completed” RF: March 27, 2014 (with further refinements over the next few months)
- Updating of the Agricultural Sector Investment Programme/ASIP: to reflect both public investments and indicative private sector investments: draft by early May, 2014
- Updating of the M&E Framework and operational plan: by end of May, 2014
- Mobilization of Financing: from diverse sources (Government budget; DPs; Private Sector; beneficiaries): on-going process.
  - Active consultations with private sector are a key part of action plan, based on several consultation processes (to be discussed in the afternoon)

4.4.8 GUIDE QUESTIONS FOR GROUP DISCUSSIONS (MORNING SESSION)
- From the perspective of the private sector, what is the value-added of a results framework to help identify and prioritize private sector investments?
- Ref. the SP 3.1, on enabling environment, what is your feedback on the adequacy of priority required actions by government. to help stimulate private sector investments?
- Ref. the SPs 1.1 – 1.3 and 3.1 – 3.7, are there any important actions which need to be reflected under the roles and strategic lines of action on the part of government. and private sector?

4.5 PRESENTATION NO. 4: AGRICULTURAL INVESTMENT: OPPORTUNITIES AND SUPPORTING MECHANISMS (BY MODESTE NKIKABAHIZE, RWANDA DEVELOPMENT BOARD/RDB)
It was highlighted that:

- PSTA III has a strong private sector and market orientation
- Each sub-programme considers the role of the private sector as a driver for efficient delivery of key outcomes and outputs, working closely with the public sector and other key stakeholders
- The PSTA III Results Framework provides an operational tool to identify and prioritize key activities and actors

4.5.1 BENEFITS OF PRIVATE SECTOR LEADERSHIP IN AGRICULTURAL GROWTH
- Economic and managerial sustainability of agricultural enterprises and value chains
• Access to and timely provision of the specialized expertise that the sector needs
• Access to resources required for investments and efficient input and output pricing

4.5.2 PUBLIC EXPENDITURE PRIORITIES TO ENABLE PRIVATE SECTOR INVESTMENT
• Development of basic growth factors (physical infrastructure, human capital)
• Programmes to catalyze innovation and modernization in products, processing and marketing
• Encouragement of entrepreneurial initiatives in the sector
• Sharing investment costs in key facilities, always under public sector exit strategy

4.5.3 PSTA III INVESTMENT ORIENTATION: SECTOR BASED INTERVENTIONS – INCENTIVES FOR AGRICULTURAL INVESTORS
• Leadership & alignment: strong leadership and support in sector with Ministry of Agriculture and Rwanda Development Board leading effort
• Strategy & Priorities: agriculture sector priorities are derived from the 5 year strategy and linked to national level development goals, EDPRS II and Vision 2020
• Investment & Entrepreneurship Pipeline: formulating agriculture investment hubs framework to both attract and target the most ideal investors
• Delivery & Implementation Mechanisms: establishment of Agriculture Delivery Unit
• Hard & Soft Infrastructure: planning for coordinated water, road and energy infrastructure underway and key policy changes designed
• Financial & Risk Management: assessing and addressing financing gap for medium to large scale enterprises

4.5.4 SECTOR BASED INTERVENTIONS

Constraints and Solutions for Investment
• Small land parcels, low productivity and limited availability
  – 1.1 million ha of arable land, 24,500 ha of irrigated land, with 0.5 million ha potential, 46,000 ha of bench terraces, 0.25 million ha potential
• Small market with limited access
  – Growing middle class, hub for EAC with 130 million potential consumers, and growing international links
• Lack of agri-business and commercialization in the sector
  – Top growing global economy, rapid sector growth, increasing opportunities for profitable agri-business and untapped opportunities in value addition
• Limited growth hubs with benefits of agglomeration and economies of scale
Kigali Special Economic Zone has fully serviced (roads, water, electricity) infrastructure and regulatory breaks, and new agricultural investment hubs provide ideal agro-ecological conditions for growth, and space for processing, packaging and market access.

4.5.5 NATIONAL POLICY INTERVENTIONS

1. Cross-Sector Initiatives to Encourage Growth

Areas of interventions and specific enabling actions/incentives were highlighted as:

- Agriculture investment hubs (first coffee and tea, then horticulture and agro-processing) Incentives
  - Geographical mapping to aggregate interventions, consistent with agro potentials

- Enabling infrastructure to support growth (coordinated water, energy, road interventions; Special Economic Zones)
  - MINAGRI to coordinate with MININFRA/EWSA

- Active investment promotion and outreach (led by RDB, together with MINAGRI)
  - RDB to lead on investment promotion & incentives; MINICOM to focus on enabling policies, in coordination with MINECOFIN

- Supporting growth of existing domestic agribusiness companies (scoping and promoting Joint Venture opportunities)
  - Companies to identify capital investment needs, develop JV opportunities & Ag Investment TF to facilitate identification of potential investors

- Aggregating and professionalizing farmers
  - MINAGRI to facilitate implementation of new farming models linked to investors’ needs & professionalization of farmer cooperatives/org.

2. Facilitating Investment through Agriculture Delivery Unit

- Strengthen Agriculture Investment and Delivery Task Force for focused, coordinated action and clear roles & responsibilities across GOR institutions:
  - Coordinate enabling infrastructure interventions: roads, energy, water
  - Develop & enhance investor interest: develop fully scoped business proposals to target investors; build the Rwanda brand (premium quality, full traceability); professionalize investor care process
  - Finalize & validate Land Leasing procedures, legal instruments, and farming model arrangements
  - Support Financing Fund for medium to large scale enterprises
  - Map activities required to initiate & execute an investment with a real investor and the support of Monitor Group taking a practical approach to recommend opportunities to improve investor/government interface

- Proposed Agri-business Consultation Forum
– The Agri-Business Consultative Body (hereafter ABCB) would provide a forum where MINAGRI, RDB and the private sector can meet on a regular basis to discuss issues relative to increasing the role of the private sector in developing Rwanda’s agriculture

– This body should be part of the larger RDB Public Private Dialogue process. That process involves a formalized procedure for promoting problem resolution; the ABCB is more focused on policy dialogue networking and investment promotion

– ABCB would be comprised of senior representatives from both public and private sectors

– ABCB would follow a similar format but would be targeted exclusively at businesses and investors working in agriculture and rural development

4.5.6 SUB-SECTOR BASED INVESTMENT OPPORTUNITIES: 2013-2014 (THESE ARE ILLUSTRATIVE)

- Coffee and Tea
  – Tea and coffee expansion in quality and production
  – Roads and electricity for five new tea factories

- Pyrethrum
  – 3000 ha allocated for production increases
  – Potential for further processing and marketing

- Horticulture
  – Rwanda Fresh to facilitate packaging and exports
  – Avocados and other high premium crops grown in Rwanda

- Floriculture
  – 20 ha greenhouse construction at Gishari
  – Competitive freight prices bargaining ongoing

- Sugar
  – 7,000 - 10,000 ha allocated for sugar production in Nasho
  – New sugar factory under construction in Eastern Province

- Wheat
  – Production consolidation programme and release of new, more robust and marketable certified varieties

4.5.7 PROPOSED NEW INCENTIVES/Mechanisms for Promoting Private Sector Investments - 2013-2017

- Approved and implemented land use consolidation models
• New Investment code finalized and adopted (approved March 28, 2014)
• Strengthening strategies to increase access to rural finance
• Roll out of agricultural insurance to all rural households
• Adopt Agricultural Guarantee Fund to reduce sector risks
• Formulate catalytic start-up fund to catalyze investment
• Adopt mechanism to support business plan submission
• Adopt new draft PPP Law (ongoing)
• Promote mutually beneficial joint ventures
• Solidify regional cohesion to increase regional trade flow
• Adopt Agricultural Guarantee Fund to reduce sector risks
• Maximize engagement with Grow Africa and CAADP II

4.5.8 GOOD PRACTICE PRINCIPLES TO PROMOTE SUCCESSFUL PUBLIC-PRIVATE PARTNERSHIPS (TO BE CONTEXTUALIZED TO THE RWandan CASE)

• Sound Rationale and Clear and Appropriate Roles
  – The role of the Government and of the other actors clear from the start
• Transparency
  – All benefits given by government to the PPP initiative (private entity recipient) should be transparent and be made public, subjected to independent monitoring and public reporting. Procurement is transparent
• Competitive Playing Field
  – The government should not promise exclusivity of inputs or outputs of the MOU/PPP initiative.
• Transitional Arrangements
  – It should be made clear when the government pulls out of the MOU/PPP (or when they lapse), and how its stake will be sold – the sale should be public
• Adequate and Timely Public Information and Reporting
  – As a MOU/PPP is supported with public funds, the annual reports and financial statements should be made public, e.g. presented at Public Private Dialogue for a

Guide Questions for the Group Discussions (afternoon session)

• What are the priorities from perspective of private sector to enhance the “enabling environment” by government to stimulate inclusive private investments? More specifically, focus on reaching consensus on the following:
  – Priority constraints to remove (top 5)
- Enhanced existing incentives
- Enhanced new incentives

- How can key institutions in government and the sector enhance their support for expanded and profitable private sector investments in Rwandan agriculture? (over the next 5 years)

- What institutional processes and mechanisms can be strengthened to promote and better coordinate increased private sector investments? (processes for securing incentives/support, roles of Agriculture Investment Task Force, Agricultural-Business Consultative Body (proposed, other(s)

- What are indicative intentions (within next 2 years) of your moving forward to invest in the agricultural sector? What are key deciding factors to move forward?
5. SUMMARY OF KEY POINTS FROM GROUP DISCUSSIONS

5.1. GROUP A

Morning Session

**Question 1: From the perspective of the private sector, what is the value-added of a results framework to help identify and prioritize private sector investments?**

- Enhances value and effectiveness of a Government-supported “catalytic fund” for developing the private sector investments.
- Given the proposed USD 2.2 Billion budget for agriculture investments, the RF can help prioritize the investments to develop agriculture in Rwanda, including privatization, where relevant.
- Private sector complementing government investments, and ensuring there is a sustainable future for private sector investments.
- Government and private actors that can help achieving the government targets.
- Implementation of strategic plan through support of private sector.

**Other General Issues**

- Clear understanding on where private sector can invest and creating opportunities to invest in irrigation, mechanization.
- Mapping of investments in document like the provinces with land available for investments.
- Issue of land tenure system in Rwanda. Private operators need to understand how the land is plotted. Clear-cut land policy in Rwanda which can help investors to come in to Rwanda.
- Appropriate model to involve smallholder farmers.

**Question 2: Ref. the SP 3.1, on enabling environment, what is your feedback on the adequacy of priority required actions by government. to help stimulate private sector investments**

- Fish farm:
  - Some framework from government on how to expand the projects. Also government can identify places for doing fish farming. Environmental study on projects to be implemented across country (Environmental mapping).
- Environmental study as an incentive for project.
- VAT exemption on agriculture services. Where the government is taxing the farmer than the company.
• Support from government on setting up the mechanisms to support private sector in providing facilities that are promised in MOU. Government needs to monitor each MOU and support what has been mentioned in MOU documents.

• Government should form a joint venture with private sector to make sure the agriculture projects can be a success like the projects focused on agriculture inputs like mechanization.

• Financing of agriculture projects in Rwanda like the mechanization.

**Afternoon Session:**

**Question 1: What are the priorities from perspective of private sector to enhance the “enabling environment” by Government to stimulate inclusive private investments? More specifically, focus on reaching consensus on the following:**

- Priority constraints to remove (top 5)
- Enhanced existing incentives (see above slide for list)
- Enhanced new incentives (see above for proposed key actions)

**Responses included:**

- Lack of communication between government agencies like MINAGRI, RRA, Customs authority and various other government institutions while importing.
- RDB should act as an agency to be a stop point for everything before investing in Rwanda. RDB should also work with very close with immigration and revenue authority.
- Timely communication between various government agencies for better facilitation.
- VAT is the priority for exempting on agriculture input services like mechanization, seeds and fertilizers.
- Building capacity of farmers with the support of private companies but with best tax structure to make farmers grow better quality products and realize good value on crop.
- Delay by banks in providing credit for cooperatives which affects the farmers cultivation
- MINAGRI should create support for all the crops than for creating support only for few crops like maize, paddy which is not for sugarcane.

**Question 2: How can key institutions in Government and the sector enhance their support for expanded and profitable private sector investments in Rwandan agriculture? (over the next 5 years)**

Responses included:

- MINCOFIN (Ministry of Finance):
  - Rate of Interest and Financial system guarantee where delaying of loans.
  - Getting electricity from grid to project site to make sure that investment reduction.
- VAT exemption for agricultural services and lesser rules on imports of project related materials.

- MINCOM: Ministry of Commerce.
  - Need support on export related products like systematic approach on supporting private sector.

- MININFRA: Ministry of Infrastructure

**Question 3: What institutional processes and mechanisms can be strengthened to promote and better coordinate increased private sector investments? (processes for securing incentives/support, roles of Agriculture Investment Task Force, Agricultural-Business Consultative Body (proposed, other(s)).

Responses included:
  - Building trust between departments and making sure all the departments work together.
  - Government can seriously work on VAT on agricultural inputs can be exempted.

**Question 4: What are indicative intentions (within next 2 years) of your moving forward to invest in the agricultural sector? What are key deciding factors to move forward?

Responses included:
  - Mechanization can be expanded only when government can provide mechanisms to support.
  - Training support for locals to make human resource available for projects like technical people.
  - Sugar project requires support for land on increasing current capacity.
  - Lack of awareness among farmers on using inputs like lime and other agricultural inputs.

**5.2 GROUP B (FOLLOWED SAME QUESTIONS AS GROUP A, WITH SUMMARY RESPONSES OUTLINED BELOW)

- Constraints
  - Lack of utilities and lack of electricity and infrastructure as the major issues
  - Predictability of policies: if government changes policy how do you deal with it e.g. plastic policy affected agricultural plastic investors

- Human resources
  - Lack of sufficient and efficient extension services

- Models
  - PPP
  - Farmer service model
  - Lack of skilled employee twitch the skills that are needed by the employers-we might be having good graduates but if the y don't have the skills needed by private sector then we are doomed
- VAT vs. tax exemption
- Access to finance is a constrain
- Immigration and customs issues

- Incentives
  - Private sector don't know the incentives
  - Private sector need to be part of these polices are developed
  - Once a year private sector should be sensitized how the polices are functioning
  - Now to get the private sector involved in reducing the rest of high investment in agriculture
  - How to decentralized the RDB to the local level

- Key Government Institutions
  - Agriculture is very risky: how to come up with risk mitigation package
  - In agriculture, prices go up and down without control of private sector
  - PP dialogue
  - RDB should be the focal point that liaises with all other institutions so that issues have a one point
  - Local investor gets better help that local investor
  - Available investment from the table ranging from $1-20 USD million investment opportunities
  - Rwanda should grab the chance to attract investors

5.3 GROUP C (FOLLOWED SIMILAR QUESTIONS AS GROUP A, WITH SUMMARY RESPONSES BELOW)

- Inputs on results framework, from perspective of dairy, meat, and fisheries sub-sectors
  - Value addition of RF
  - Recognized as an indispensable tool for planning, M&E
  - Need to have RF designed in a comprehensive approach, e.g. roles of different players for contracting farming given available resources and infrastructures in place (insurance, animal feeding, ICT)

- Comments on SP 3.1 (Enabling Environment): Private Sector
  - Clearly define production sector (Dairy, meat & fisheries)
  - Define their roles and contribution specifying their pre-requisites for increased production
  - Establish sound action lines with best practices for increased productivity
– Establish cow hotel to motivate/stimulate partnerships with stringent commercial orientation
– Set up collaterals as to acquire loans
– Integration of production sectors (Dairy farms –CIP)

• Comments on Sub-programmes 3.4 – 3.7
  – Creation of enabling environment for private sector to grow fast set up catalytic fund/low interest loans (Sustainability required)
  – Establish PF friendly policies,
  – Conduct capacity building to PSF
  – Offer sound infrastructure e.g. modern production and processing equipment (feed factories, milk powder factory, condensed milks etc.
  – Establish technologies to boost production e.g. ET in dairy cows
  – Offer incentives to PSF e.g. avail large sized land s for increased commercialized
  – Advocate for PSF to acquire heavy funding for maximum gains
  – Set PPP in production and processing lines
  – Private Sector ready to invest in infrastructures

5.4 GROUP D: (FOLLOWED SIMILAR QUESTIONS AS GROUP A, WITH SUMMARY RESPONSES BELOW)

Morning session

SP 1.5: Seed development and 3.7: Agriculture Financing

• Question 1: (same as Group A)
  – It helps identifying where the private sector would fit most during PSTA III implementation
  – It gives room to investors to identify the most profitable agricultural. business areas where to direct their investments
  – It shows directions in regard to exit strategy from public subsidized seeds to private seed business (i.e.: Seed policy : stating the Independent seed control, clear vision of seed subsidy exist strategy, breeders right).

• Question 2: (same as Group A)

Seed sub sector

• It was recommended that the new seed policy should consult private sector actors before further stages of approval
• Removal of VAT and Withholding Tax on agriculture insurance to be in line with the EAC levels (like in Kenya)

• Establishment of an agriculture bank that will deal with agriculture specificities to develop affordable and accessible agriculture financial products

• The government to work with all stakeholders in Agriculture financing (i.e.: banks, development partners, bank donors, govt. agencies) to develop an agriculture-financing model through agricultural financing forums.

**Afternoon session:**

• Question 1: What are the priorities from perspective of private sector to enhance the “enabling environment” by Government to stimulate inclusive private investments? More specifically, focus on following:
  – Priority constraints to remove
  – Enhanced existing incentives
  – Enhanced new incentives

• Key priority constraints:
  – Investors are not free to secure the skills needed (especially from outside the country)
  – The master plan that in some instances make investors to lose their land use rights
  – High electricity cost that make production cost high

• Recommendations:
  – Investor care: Legal protection of foreign investors to ensure fair treatments (RDB and Immigration services)
  – Revisit the master plan to ensure that no investor loses his/her land use rights. (The city of Kigali and MININFRA)
  – Ensuring fair competition and transparency (MINECOFIN and RDB)
  – The existing incentives are not specific to target key investments
  – On the proposed new incentives, RDB should make consultations with the private sector to narrow down (specify) the proposed interventions

**Questions 2 and 3:**

2. How can key institutions in Government and the sector enhance their support for expanded and profitable private sector investments in Rwandan agriculture? (over the next 5 years)

3. What institutional processes and mechanisms can be strengthened to promote and better coordinate increased private sector investments? (processes for securing incentives/support, roles of Agriculture Investment Task Force, Agricultural-Business Consultative Body (proposed, other(s)
Ministry of Finance and Economic planning
Universities to offer practical skills required in agriculture sector.

**Question 4: What are indicative intentions (within next 2 years) of your moving forward to invest in the agricultural sector? What are key deciding factors to move forward?**

- Indicative intentions include:
  - Expand tea production
  - Expand quality coffee production
  - Expand Horticulture production.

- Key deciding factors: business economics (cost-benefit/profit-loss analysis)
6. RESPONSES TO SELECTED STRATEGIC THEMES/ISSUES

6.1 FROM THE PS OF MINAGRI:

*Government does not want to keep running some of the public-funded projects-Bahia. Why not get the private sector to manage these projects?*

- Government wants to hand over some projects to the private sector. There are different motives for the private sector to get further engaged in the agricultural sector (aside from the profit motive, although this is dominant motivator)
- Government recognizes that private sector also has invested in many programs and projects
- This (PPPs) is a new approach by the government: need to foster strong partnerships with the private sector
- Export strategy looks more at the regional trade, but there is also a need to include Congo Brazzaville and other African countries.
- Government is finalizing the investment code, which will provide further support to the private sector. Incentives are also part of the policy support for the private sector

6.2 FROM THE PRIVATE SECTOR FOUNDATION REPRESENTATIVE:

- We need to look at ways/approaches the public sector can enable the private sector to carry out investments in agriculture
- This consultation is the start of the many ways of engaging the private sector we shall need to review the outputs of this commitment

6.3 FROM DEVELOPMENT PARTNER REPRESENTATIVES (USAID AND WORLD BANK):

*Why only channeling funds to government only and not to private sector; where funds can reach many farmers if more directly channeled through the private sector*

- There is a need to review other ways of encouraging smallholder farmers through support to private sector
- Development Partners (DPs) work at multiple levels on how to reach the higher-level goals
- USAID is working on to reduce electricity costs
- Working together is possible to address the challenges of partnerships and funding the private sector.
- One can fund a pilot concept(s)/initiative(s) which can generate practical ways of working out and scaling up support to the private sector
- DPs are supporting MINAGRI on a number of issues to help farmers, both at macro and micro levels
- Through this dialogue and other initiatives it is possible to engage the private sector and to promote their expanded role and investments in the agricultural sector.
7. SUMMARY OF KEY MESSAGES FROM PLENARY PRESENTATIONS AND GROUP DISCUSSIONS

7.1 KEY MESSAGES FROM THE PLENARY PRESENTATIONS

- Overall, the three presentations were well received and appreciated by the participants, in terms of the presentations which highlighted relevant issues, information, and points for the group and plenary discussions;

- There was limited time to present the fourth presentation regarding the competitiveness study findings. Given the importance of this study and its findings, the presentation and the full study report (dated February, 2014) have been distributed to the participants, for their information and reference;

- There appeared to be common interests and understanding of the main issues and high importance of working together to promote and expand the role of an inclusive private sector and its investments, and closer collaboration/partnerships with the Government and other key stakeholders;

- There is a common and keen interest in coming up with an institutionalized mechanism to conduct on-going dialogue and to focus on solving key issues faced by the private sector. There is a need to carry out an inventory of and lessons from existing mechanisms and processes for public-private sector dialogue and working together in the agricultural sector, and to identify the gaps, and an appropriate proposal to enhance such dialogues. It is proposed that a small working group be established to formulate an appropriate proposal, based on above mentioned inventory exercise. The group could be comprised of representatives from public and private sectors, as well as interested development partners (e.g., USAID, WB, EU, others). MINAGRI and RDB could co-coordinate this initiative;

- Building on the above points, participants expressed keen desire for systematic follow up on the proposed actions. It will be important to work out the most suitable mechanism to facilitate this follow up actions, including monitoring and periodic reporting of progress.

- On the day of the consultation workshop the updated draft Results Framework for PSTA III was distributed to the participants, requesting their further feedback.
7.2 KEY MESSAGES FROM THE GROUP DISCUSSIONS

7.2.1 GROUP A

- One of the main constraints to promoting expanded private sector role and investments in the agricultural sector is due to inadequate policies. There are several key issues of major concern to the private sector, including:
  - VAT: this constraint applies to mechanization services, and also other agricultural services. In general, this VAT cost is passed onto the farmers;
  - Land issues which add uncertainty and risk, and thereby constrain agricultural investments by the private sector; and
  - Infrastructure requirements, and which need to be coordinated with various agencies, identifying the right persons, to get coordinated solutions. For example, there are energy needs/gaps and deteriorated roads, especially during the rain seasons, which contribute to the high cost of production.

- Government to provide training to the right persons, who can use the enhanced knowledge and skills;
- MINAGRI needs to get support from Immigration Department, to ensure the right experts are able to visit the country and provide the required assistance;
- There is a basic lack of trust between departments, and also between public and private sectors (e.g., the lack of systematic and timely follow-up on agreed actions contributes to this distrust);
- Private sector has interest in expanding investments, but there are some capacity issues. For example: expanding investments in sugarcane production; and
- To establish a working group to assess the current initiatives/mechanisms for private-public sector dialogue and problem solution, and to determine the gaps, and required institutional mechanism(s) and processes which can enhance this collaboration.

7.2.2 GROUP B

The group came up with a different set of constraints, compared with those highlighted by RDB:

1. Human resource constraints, and extension service models, input suppliers; lack of skilled employment for skills required by the private sector;
2. VAT: zero rated, vs. exempt
3. Access to finance: appropriate,
4. Import restrictions;
5. Incentives: but, most persons did not know about the available incentives for promoting private sector investments;
6. Private sector needs to be a part of the formulation of the proposals, and needs to be well informed of existing and proposed incentives (e.g., crop insurance, catalytic investment mechanism)
With respect to key Government Institutions:
- RDB role: to serve as a central focal entity for enlisting private sector engagement

With respect to decentralizing RDB’s role?
- Establish a Task Force, which can help resolve key issues, at a higher level
- Intentions: $20 M of new investments. But, one investor is concerned about the policy environment, and therefore considering investing funds in another country.

7.2.3 GROUP C
1. There is a need to provide subsidies to help cover high power costs (but, this proposal needs better justification);
2. New incentives. Private sector needs to be empowered with appropriate new incentives;
3. Institutional mechanisms: There is a need to harmonize the role of the private sector
4. There was reference to a proposed meat-processing factory, just outside Kigali. There is also potential for dairy production

7.2.4 GROUP D
Issues to address seed development and agriculture financing included:
- It helps identifying where the private sector would fit most during PSTA III implementation as this gives room to investors to identify the most profitable agricultural business areas where to direct their investments;
- The proposed new seed policy should consult private sector actors before further stages of approval and implementation;
- Removal of VAT and Withholding Tax on agriculture insurance to be in line with the EAC levels (like in Kenya); and
- Establishment of an agriculture bank that will deal with agriculture specificities to develop affordable and accessible agriculture financial products.

Afternoon session:

Question 1: What are the priorities from perspective of private sector to enhance the “enabling environment” by Government to stimulate inclusive private investments? More specifically, focus on following:
- Priority constraints to remove
- Enhanced existing incentives
- Enhanced new incentives

The group came up with a different set of priority constraints:
- Investors are not free to secure the skills needed (especially from outside the country)
• The master plan that in some instances make investors lose their land use rights
• High electricity costs that make production cost high

*Recommendations from the group:*

• There is need for Investor Care: Legal protection of foreign investors to ensure fair treatments (RDB and Immigration services)
• Revisit the master plan to ensure that no investor loses his/her land use rights (The city of Kigali and MININFRA)
• Ensuring fair competition and transparency (MINECOFIN and RDB)
• The existing incentives are not specific to target key investments
• On the proposed new incentives, RDB should make consultations with the private sector to narrow down (specify) the proposed interventions.
8. CLOSING REMARKS AND FRAMEWORK ACTION PLAN

The meeting was closed by DG Raphael Rurangwa of MINAGRI, who highlighted the following points:

- Innovations play a vital role for transforming Rwanda’s agricultural sector. Results Framework and PPPs are important tools to facilitate and to scale-up strategic innovations;
- We need to learn from other conferences/consultations and share their experiences, with the aim of promoting a dynamic and transformative private sector;
- A request is made for the Africa Lead team to help prepare the June 2014 CAADP Business meeting event;
- Appreciation is expressed for the team effort in preparing and facilitating this consultation session, with active support from USAID/Africa Lead II;
- Recognition is made of the key role of DPs in supporting MINAGRI;
- By the end of May, 2014, MINAGRI should have the needed tools to operationalize the implementation of PSTA III (final RF; updated and prioritized ASIP and a credible financing plan, updated M&E framework). The private sector, supported through PPPs and other sound incentives and mechanisms, will play a key role in generating the required results and transformation of Rwanda’s agricultural sector.

Finally, it will be important for MINAGRI and private sector stakeholders to carry out and monitor the strategic recommendations and corresponding follow-up actions arising from this consultation session. See Table 7.1 for a proposed framework action plan. In the spirit of mutual accountability, it is important that each stakeholder group/actor(s), in a collaborative manner, take the initiative to carry out and monitor the appropriate actions. These are intended to support the achievement of the results as outlined in the Results Framework for PSTA III, while recognizing the vital role of effective public and private collaboration and partnership.
<table>
<thead>
<tr>
<th>PRIORITY STRATEGIC ACTION</th>
<th>MAIN RESPONSIBILITY</th>
<th>TARGET TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. PSTA III Document and Updated RF:</strong></td>
<td>MINAGRI/DG of Planning</td>
<td>By end-April, 2014</td>
</tr>
<tr>
<td>– Distribute to consultation participants the PSTA III document and the updated Results Framework (dated March 26, 2014), and request their further feedback, especially with respect to:</td>
<td>(a) and (b) Feedback from Private Sector participants of the consultation</td>
<td>(a) and (b) by: end-April, 2014</td>
</tr>
<tr>
<td></td>
<td>a) Key elements of the “enabling environment” (involving priority policies, institutions, and investments), which, if effectively addressed, can stimulate expanded private sector role and investments in Rwanda’s agricultural sector;</td>
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<td></td>
<td>b) Identifying priority public investments (by subprogramme and priority activities) which could stimulate/synergize private sector investments.</td>
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<tr>
<td><strong>2. Updated ASIP “Lens”:</strong></td>
<td>EU-funded consultants (guided by MINAGRI Planning DG)</td>
<td>By end of April, 2014</td>
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<tr>
<td>– Ensure the on-going updating of the Ag. Sector Investment Programme (ASIP):</td>
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<tr>
<td></td>
<td>a) Emphasizes the prioritization of public investments which will stimulate private sector investments, consistent with appropriate public-private sector roles and the PSTA III prioritization criteria;</td>
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<td></td>
<td>b) Reflects private sector on-going and intended investments in Rwanda’s agricultural sector over the next 5 years.</td>
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<td><strong>3. Competitiveness Study:</strong></td>
<td>DG of Planning, MINAGRI</td>
<td>By end-April, 2014</td>
</tr>
<tr>
<td>– Distribute to consultation private sector participants a copy of the recent report (“Rwanda Agricultural Markets, Private Sector Development, Supply and Competitiveness Study, dated Feb., 2014); and</td>
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<tr>
<td></td>
<td>a) Request feedback from consultation participants on the report conclusions and ideas/inputs on how the relevant study recommendations can be further operationalized, in support of the PSTA III implementation</td>
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</tr>
<tr>
<td><strong>4. Existing Incentives/Mechanisms:</strong></td>
<td>MINAGRI (facilitated by DG of Planning and team, and guided by Minister and PS), together with RDB (Agri-Business Unit) in close collaboration with private sector stakeholders (and Private Sector Foundation and Chamber of Commerce to serve)</td>
<td>On-Going basis (with periodic updates each 3 months, for each item indicated)</td>
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<td>– Strengthen existing incentives/mechanisms to expand the role of private sector investments, based on a sound and operational action plan. Existing instruments and associated incentives include:</td>
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<td></td>
<td>a) Leadership &amp; alignment: strong leadership and support in sector, with MINAGRI and Rwanda Development Board/RDB facilitating efforts;</td>
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<td>b) Strategy &amp; Priorities: agriculture sector priorities are derived from the 5 year strategy and linked explicitly to national level development goals, EDPRS II and Vision 2020;</td>
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<td>c) Investment &amp; Entrepreneurship Pipeline:</td>
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<td>formulating agriculture investment hubs framework to both attract and target the most ideal investors, consistent with Rwanda’s competitiveness; d) Delivery &amp; Implementation Mechanisms: strengthening of Agriculture Delivery Unit; e) Hard &amp; Soft Infrastructure: planning/prioritization and implementation for coordinated water, road and energy infrastructure underway and key policy changes (as indicated in the RF) designed and to be effectively implemented; f) Financial &amp; Risk Management: assessing and addressing financing gap for medium to large scale enterprises, and formulating strategies to expand access to finance by private sector (all types, especially small and medium scale enterprises)</td>
<td>as focal entities). Each item will require specific responsibilities (to be specified)</td>
<td></td>
</tr>
<tr>
<td>1) New/Enhanced Incentives/Mechanisms, with special priority on the following “new” incentives/mechanisms (which are at various stages of formulation, consensus and approval): – Approved and implemented land use consolidation models – New Investment code finalized and adopted (approved March 28, 2014) – Strengthening strategies to increase access to rural finance – Roll out of agricultural insurance to all rural households – Adopt Agricultural Guarantee Fund to reduce sector risks – Formulate catalytic start-up fund to catalyze investment – Adopt mechanism to support business plan submission – Adopt new draft PPP Law (ongoing) – Promote mutually beneficial joint ventures – Solidify regional cohesion to increase regional trade flow – Adopt Agricultural Guarantee Fund to reduce sector risks – Maximize engagement with Grow Africa and CAADP II</td>
<td>MINAGRI (facilitated by DG of Planning and team, and guided by Minister and PS), together with RDB, in close collaboration with private sector stakeholders (and Private Sector Foundation and Chamber of Commerce to serve as focal entities). Each item will require specific responsibilities (to be specified)</td>
<td>On-Going basis, although each item will require a specific target date (with periodic updates each 3 months, for each item indicated/agreed)</td>
</tr>
<tr>
<td>2) Inventory and Strengthening of On-Going Institutional and Consultation Processes: – Carry out an inventory of and lessons from existing mechanisms and processes for public-private sector dialogue, PPPs, and working together in the agricultural sector; – identify the gaps, and formulate an appropriate proposal/action plan to enhance such dialogues</td>
<td>MINAGRI (to be coordinated by the DG of Planning), together with RDB. It is proposed that a small working group</td>
<td>Draft by end of May, 2014, to be followed by agreed action plan</td>
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<td>PRIORITY STRATEGIC ACTION</td>
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<td>and PPPs, which would help generate expanded private sector investments; - assess/formulate the merits and approaches of options to strengthen existing and proposed institutional arrangements (e.g., reference to the existing Agricultural Investment and Delivery Task Force; and to the proposed AgriBusiness Consultation Forum)</td>
<td>be established to formulate an appropriate proposal, based on the inventory exercise. The group could be comprised of representatives from public and private sectors, as well as interested development partners (e.g., USAID, WB, EU, others).</td>
<td></td>
</tr>
<tr>
<td><strong>3) Strengthen M&amp;E Systems/”Lens”:</strong> - Ensure that the enhanced M&amp;E system for PSTA III and the forthcoming ASIP includes sound M&amp;E indicators and targets for tracking and promoting expanded private sector investments (including improved reliable data generation system and processes of tracking private sector investments in the agricultural sector, including relevant level of disaggregation)</td>
<td>EU-funded Consultants (who will be updating the M&amp;E system), guided by the DG of Planning (MINAGRI), in collaboration with RDB</td>
<td>By end of May, 2014 (draft), followed by agreed action plan</td>
</tr>
<tr>
<td><strong>4) Nourish Mutual Accountability Mechanisms:</strong> - Formulate enhanced operational mutual accountability mechanisms and processes to ensure that both public and private sectors promote enhanced accountability and transparency in their PPP dialogues, PPPs/MOUs, and investment decisions, and sharing of M&amp;E results on key indicators.</td>
<td>MINAGRI (led by the Minister and PS), with support by the Agricultural Sector Working Group</td>
<td>Draft by end of April, 2014, followed by agreed action plan</td>
</tr>
</tbody>
</table>
Objectives: (1) Ensure the integration of a private sector “perspective” on the Results Framework for PSTA III; and (2) Identify priority policy issues and public investments which could enhance the incentives to promote expanded private sector investments and public-private sector partnerships, in support of PSTA III.

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<tr>
<td>8:00 - 8:30</td>
<td>Registration</td>
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<tr>
<td>8:30 – 8:45</td>
<td>Welcome and Brief Self-Introductions</td>
<td>PS of MINAGRI &amp; Director of USAID/RW</td>
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<tr>
<td>8:45 - 9:15</td>
<td>Opening Remarks</td>
<td>PS of MINAGRI</td>
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<td>9:15 - 10:00</td>
<td>Overview Presentations: (1) Context and Background (CAADPI and CAADPII process); (2) Agricultural Competitiveness Strategies; (3) PSTA III Results Framework/RF: Role, Main Features and Implications for Private Sector Inv</td>
<td>PS of MINAGRI</td>
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<tr>
<td>10:00 - 10:30</td>
<td>Plenary Discussion: Feedback/Comments on Presentations</td>
<td>Facilitator and Participants</td>
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<tr>
<td>10:30 - 11:00</td>
<td>Health Break</td>
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<td>11:00 - 12:30</td>
<td>Breakout Groups (4): Feedback/Discussion on Selected SPs (3.1-3.6) of the RF</td>
<td>Group Facilitators and Rapporteurs</td>
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<td>12:30 - 13:30</td>
<td>Lunch</td>
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<tr>
<td>13:30-14:15</td>
<td>Plenary Presentation: Ag. Sector Investments: Opportunities and Supporting Incentives and Mechanisms</td>
<td>RDB</td>
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<tr>
<td>14:15 – 16:00</td>
<td>Breakout Groups (4): Feedback/Discussion on Expanding and Supporting Private Sector Investments in Rwanda’s Agric. Sector</td>
<td>Group Facilitators and Rapporteurs</td>
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<tr>
<td>16:00- 16:30</td>
<td>Plenary Session: Brief Summaries of Group Discussions Wrap-Up</td>
<td>Discussion Group Facilitators</td>
</tr>
<tr>
<td>16:30 – 17:00</td>
<td>Summary: Key Messages and Recommendations/Follow-Up</td>
<td>Facilitator and PS of MINAGRI</td>
</tr>
</tbody>
</table>
# ANNEX 2: PARTICIPANT LIST

<table>
<thead>
<tr>
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<tr>
<td>1</td>
<td>Andre NDEJURU</td>
<td>EU Consultant</td>
<td>M</td>
<td>Development Partner</td>
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<tr>
<td>2</td>
<td>Raf Somers</td>
<td>BTC</td>
<td>M</td>
<td>Development Partner</td>
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<tr>
<td>3</td>
<td>Eliin Nilson</td>
<td>FAO</td>
<td>F</td>
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<tr>
<td>4</td>
<td>Laurie PICKARD</td>
<td>USAID</td>
<td>F</td>
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<td>5</td>
<td>Dirod ZURDO</td>
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<tr>
<td>6</td>
<td>Francisco Pichon</td>
<td>IFAD</td>
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<td>7</td>
<td>Juvenal KABILIGI</td>
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<td>8</td>
<td>Liberal SEBURIKOKO</td>
<td>Grow Africa</td>
<td>M</td>
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<td>9</td>
<td>Mark Austin</td>
<td>World Bank</td>
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<td>Mark Denis</td>
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<td>Otto Vianney</td>
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<td>Philip Cole</td>
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<td>TARIK KUBASH</td>
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<td>14</td>
<td>HAKIZUWERA A.</td>
<td>Media (Amazing Grace Radio)</td>
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<td>Eric Ange HATANGIMANA</td>
<td>Media (UMUSEKE)</td>
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<td>Ernest NDAYISENGA</td>
<td>Media (Umuryango.com)</td>
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<td>Clement RAIFIKI</td>
<td>Media (Radio Salus)</td>
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<td>George BARYA</td>
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<td>Media (Circular)</td>
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<td>Anselme HABIMANA</td>
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<td>David Mills</td>
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<td>Yvonne UMULISA</td>
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<td>95</td>
<td>Paul Thangata</td>
<td>Africa Lead</td>
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ANNEX 3: CONTEXT AND BACKGROUND (CAADP I AND CAADP II PROCESS)

(by the PS of MINAGRI)

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CAADP I and II
The Rwandan Context

CAADP II BUSINESS CONSULTATION SESSION
KIGALI SERENA HOTEL - MARCH 27th 2014

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Contents

1. CAADP Lessons and Insights
2. CAADP Implementation
3. Strategic Framework in Rwanda
4. Sector Challenges and Opportunities
5. CAADP II The Way Forward

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1. CAADP: Lessons and Insights
   - A continental agenda
   - Agriculture is back on the political-policy agenda across Africa
   - Growing commitment to increase rural development budget allocation
   - National transformational drive
   - Underlining agriculture as driver of economic growth, exports, poverty alleviation, food security and elimination of hunger
   - Drive to increase production, productivity and value addition
   - Improved planning and delivery of sector based policies and programmes - evidence-based, inclusive, prioritised, clear budget
   - Catalysing engagement (partnerships and alliances) across sectors
   - Renewed urge for quality data and information to support delivery
   - Renewed focus on delivering results

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2. CAADP Implementation
   - Policies / Policy formulation
   - Institutional transformation / human-organizational development
   - Investment Plans
3. Strategic Framework in Rwanda

**Vision 2020**
- Agriculture 25% of GDP
- 8.5% sector based growth
- Increase productivity and private investment
- Reduced food insecurity
- Strategic investment in agriculture
- State and non-state dialogue/accountability

**EDPRS II 2013/17**
- Sustainable growth
- Strategic investment in agriculture
- Increased productivity and private investment
- 20% annual export growth

**PSTA III 2013/17**
- Productivity and food security
- Strategic investment in agriculture
- Increased productivity and private investment
- 20% annual export growth

**CAADP**
- Sustainable growth
- Strategic investment in agriculture
- State and non-state dialogue/accountability

---

### 4. Sector Challenges and Opportunities

- **Agricultural growth lags behind services and industry with limited private investment due to risk perceptions**
  - Need to generate, identify and tap national, regional and international demand for agricultural produce
  - Constraints across value chains:
    - Quality and quantity issues with raw materials and inputs
    - Limited rural infrastructure with high costs
    - Lack of working capital and long term credit
    - Low human capacity and limited innovation
    - Small existing base of agro-processing

---

### 5. CAADP II: The Way Forward

- **CAADP II (2013/17):**
  - To deliver a new implementation cycle for the CAADP implementation process through PSTA III
  - Business Level Meeting, June 2nd and 3rd 2014, Kigali, Rwanda
  - Funding commitments, endorse investment plan and sign compact

---

### 3. Strategic Framework in Rwanda – EDPRS II

- Economic Transformation
  - Diversification of the economic base and better external and internal connectivity
  - Private sector investment in value chains and agro-processing facilities
  - Increased agricultural productivity to reduce poverty
  - Rural infrastructure development to connect farmers to markets
  - Skills development and vocationalization, focused on youth
  - Support entrepreneurship, access to finance and agro-business development
  - Institutional development to generate improved service delivery
  - Transparency and increased participation

---

### 3. Strategic Framework in Rwanda – PSTA III

- Program 1: Agriculture and Animal Resource Intensification
  - New forms of farming
  - Agricultural financing
  - Value chain approach
  - Soft and hard market infrastructure

- Program 4: Institutional Development and Agricultural Cross-Cutting Issues
  - Gender and youth focus
  - Environmental mainstreaming
  - Knowledge management
  - Evidence based planning

---

**5. CAADP II: The Way Forward**

- **CAADP II (2013/17):**
  - To deliver a new implementation cycle for the CAADP implementation process through PSTA III

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**Expectation:**
- Increased effectiveness, efficiency and competitiveness of the sector
- Premium exports and value addition drive sector and national growth
- Commercialisation of the sector generates new market opportunities
- Raised production and productivity increase incomes and reduce poverty
- Staple crop production and nutrition integration supports food security
- Strengthened vertical and horizontal capacity, from field to the Ministry, to drive forward transformational agenda of agriculture

- **Business Level Meeting, June 2nd and 3rd 2014, Kigali, Rwanda**
  - Funding commitments, endorse investment plan and sign compact

---

**Program 2: Research and Technology Transfer, Advisory Services and Professionalization of Farmers**
- Collaborative research based on farmers needs and the market
  - Private and targeted extension
  - Encouraging entrepreneurship
ANNEX 4: AGRICULTURE COMPETITIVENESS STRATEGIES

1. Domestic Growth Opportunity
   - Rwanda’s business environment is ripe for agricultural investment
   - 8.2% national economic growth and stable macro-economic environment
   - Ranked 32nd out of 189 countries for doing business globally
   - Regulatory incentives include duty free for EAC and COMESA, 100% write-off for R&D costs and increasingly simple tax code
   - Investor appeal and competitive advantage in the region
   - Single digit inflation consistently below regional average
   - Good governance, strong institutions and low corruption
   - Robust capital markets with EAX based in Kigali
   - Domestic security and low crime rates
   - Kigali Special Economic Zone provides physical and regulatory infrastructure for agri-business

2. Investment in Rwandan Agriculture
   - Target of 8.5% average agricultural annual growth up to 2020
   - Growth analysis highlights structural transformation required
   - Supply and demand analysis show multiple and diverse market opportunities
   - Domestic Resource Cost (DRC) analysis identifies products with strong comparative advantage in export markets (e.g., potatoes, cassava, banana, tea, coffee, horticulture)
   - Increased importance of differentiated primary and processed product exports
   - Multiple sector initiatives to facilitate sector-based investment
   - Key strategic documents and processes of PSTA III, Grow Africa, CAADP II and the Results Framework all focus on market orientation and facilitating investment
   - Multiple and diverse opportunities for private sector investment identified and presented as potential investment packages, e.g., tea expansion, floriculture, horticulture wholesale market, dairy, aquaculture, animal feed etc...
   - Agricultural Land Lease Charter and Contract/Corporate Farming arrangements
Agriculture drives economic growth, exports and poverty reduction

- Average growth of 4.9% over the last five years, contributing about 36% of GDP
- Export crops contributed on average 48.1% of total export earnings from 2008-13
- From 2000 to date, registered private investments in the Agriculture sector totaled US$514 million cumulatively (185 projects)
- High potential identified for tea and coffee premium exports and increasingly emerging sub-sectors

**Slide 8**

3. Return on Agricultural Investment – Potential Yield and Area Increases

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target (2017)</th>
<th>Model results</th>
<th>Percent change</th>
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<tr>
<td>Area</td>
<td>95%</td>
<td>98%</td>
<td>3.4%</td>
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<tr>
<td>Yield</td>
<td>40%</td>
<td>42%</td>
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<td>Rice</td>
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<tr>
<td>Maize</td>
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<tr>
<td>Crops</td>
<td>15%</td>
<td>17%</td>
<td>13.3%</td>
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</table>

Model results are from 54-sector dynamic CGE model for Rwanda

**Slide 9**

4. Next Steps – Catalysing Private Investment

1. Rwanda to continue to improve institutional and infrastructural environment for improve business environment, including in labor-intensive manufacturing and agro-processing

2. Rwanda to continue focus on agriculture in the phase of growth acceleration.
   - Agriculture essential to drive growth, reduce poverty and provide employment
   - Public investment essential condition for improving agricultural productivity
   - Agriculture-induced private investment is needed and mutually beneficial

3. The transformation from a subsistence to a market-based sector is ongoing, the first step for a broad based transformation toward commercialisation and private sector dominances
ANNEX 5: PSTAI/CAADP II RESULTS FRAMEWORK: ROLE, MAIN FEATURES AND IMPLICATIONS FOR THE PRIVATE SECTOR

Slide 1

PSTA III RESULTS FRAMEWORK: PRIVATE SECTOR INVESTMENT TO DRIVE STRATEGIC DELIVERY

CAADP II BUSINESS CONSULTATION SESSION

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CONTENTS

1. PSTA III Results Framework
2. Results Framework Structure
3. PSTA III Programme 1, 2, 3 and 4
4. Operationalising PSTA III
5. Questions for Group Discussions

Slide 3

1. PSTA III RESULTS FRAMEWORK – RATIONALE AND USE

A results framework provides a comprehensive alignment of actions required to achieve the intended result and identified responsible actors to deliver specific outcomes.

SCENARIO 1:
ABSENCE OF RF LEADS TO “GAPS” (ref. to obj. & targets)

SCENARIO 2:
TEAMWORK TO FORMULATE COHERENT RESULTS FRAMEWORK ENABLES ACHIEVEMENT OF OBJECTIVES AND TARGETS

Slide 4

1. PSTA III RESULTS FRAMEWORK - KEY FACTS

- An overarching mechanism to achieve national targets of Vision 2020, EDPRS II and to strengthen the results chain of PSTA III
- The RF is facilitating the updating, prioritization & costing of the PSTA III Investment Plan, & forthcoming updating of the PSTA III M&E Plan (currently ongoing activities)
- The RF helps sharpen the appropriate roles of public and private sectors and to identify strategic lines of action.
- Support efficient and effective achievement of strategic goals
- Operationalize and prioritize PSTA III and mobilize financing
  - Government, DPs, Private Sector, Civil Society
- The results framework identifies appropriate roles of public and private actors and PPPs and elaborates strategic lines of action
National Level: PSTA III has strong linkages with Vision 2020, EDPRS II and the CAADP II via common objectives; strategic impacts and outcomes and their corresponding targets – the RF will achieve these overarching goals.

Sector Level: The RF, based on a participatory process with key stakeholders:
- Identifies the relevant programmes (4) and subprogrammes (24);
- Generates the corresponding results chain for each programme/subprogramme, to achieve the desired changes/reforms: from impacts to outcomes to outputs to lines of action to interventions/activities;
- Results framework focuses on “reverse engineering”: establish the desired and required results, then works in reverse to determine what activities are needed.

Strategic Lines of Action

1: Agriculture and Animal Resource Intensification

- Soil conservation and land husbandry
  - 73% (2012) rate of soil conservation increased to 91% by 2017
- Irrigation and water management
  - 75,000 ha of original land by 2017 (35,400 ha in 2012)
- Agricultural mechanization
  - 13% increase from 13% (2012) to 25% (2017) of farm operations
- Inputs to improve soil fertility and management
  - Increase use of fertilizer and lime
- Livestock development
  - 350,000 cows distributed by 2017 (25,000 ha in 2012)

Research and technology transfer

- New varieties of wheat, banana and potato developed and new pest control packages
- Extension and proximity services for farmers
- Bulking up production and creating a knowledge based sector
- Research outputs are suited to Rwanda’s physical environment and economic markets and training provides business skills to help farmers increase incomes
- Farmer cooperatives and organisations
  - 70% of farmers in cooperatives by 2017 (up from 23% in 2012)

Agroecology and biodiversity preservation

- Environmental conservation
  - Establishment of conservation areas
- Biodiversity preservation
  - 23% in 2012

6. Development of advisory services

1. Establishes and applies prioritization criteria (for each SP & activity)
   - Achieving Vision 2020 & EDPRS II strategic objectives and targets;
   - Contribute to inclusive agricultural private sector investment;
   - Contribute to promote enhanced market focus commercialization and value addition;
   - Contribute to accelerated agriculture export growth

2. Formulates the following key aspects for each SP and Programme:
   - Strategic Objectives (SOs);
   - Outcomes and Outcome Indicators, with baseline and targets
   - Key constraints (according to 3 types: policy, institutional and investment);
   - Summary results chain (at SP level) = to a roadmap for change
   - Role of key actors – public, private, PPP, civil
   - Strategic Lines of Action

3. PSTA III Programme 1: Agriculture and Animal Resource Intensification

- Soil conservation and land husbandry
  - 73% (2012) rate of soil conservation increased to 91% by 2017
- Irrigation and water management
  - 75,000 ha of original land by 2017 (35,400 ha in 2012)
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  - 70% of farmers in cooperatives by 2017 (up from 23% in 2012)
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3. PSTA III Programme 3: Value Chain Development and Private Sector Investment

- Creating an environment to attract private investment, encourage entrepreneurship and facilitate market access
- Agricultural catalytic fund operation by 2017
- 50% of cooperatives linked to agro-processors by 2017
- Development of priority value chains:
  - Food crops
  - Export crops
  - Dairy and meat
  - Fisheries
- Agriculture
- Agricultural finance
  - 100% of new loans go to agricultural activities (6% in 2012)
  - 200,000 farmers have ag insurance ($13.4bn in 2012)
- Market-oriented infrastructure
  - Post harvest losses reduced to 5% (22% maize, 16% rice in 2012)

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4. Operationalising PSTA III

1) PSTA III Strategic Framework: Approved in June, 2013
2) Formulation of “Completed” RF: March, 2014
3) Updating of the Agricultural Investment Costs: to reflect both public investments and indicative private sector investments: draft by mid-April, 2014
4) Updating of the M&E Framework and operational plan: by end of May, 2014
5) Mobilization of Financing: from diverse sources (Government budget; DPs; Private Sector; beneficiaries): on-going process
  - Active consultations with private sector are core part of action plan, based on several consultation processes (to be discussed in the afternoon)
6) Implementation of PSTA III: Launched in 2013/2014, and will be accelerated from July 2014, onwards...

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3. PSTA III Programme 4: Institutional Development and Agricultural Cross-cutting Issues

- Institutional capacity building
- Human resource plan developed and 50% of field staff received training according to capacity needs
- Decentralization in agriculture
- 50% of district-level staff receive capacity training
- Legal and regulatory framework
- Annual review of existing policies, consultation and development of new policies to meet sector goals
- Ag communications, info, VLA and MIS
- MS implemented and annual surveys conducted
- Cross-cutting themes:
  - Gender and youth
    - Agricultural Gender Strategy 100% implemented
  - Environmental sustainability
    - SSA implemented and environmental auditing
  - 2000 ag practitioners trained in sustainable agriculture
- Food and Nutrition Security & household vulnerability

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5. Guide Questions for Group Discussions

1. From the perspective of the private sector, what is the value-added of a results framework to help identify and prioritize private sector investments?
2. Ref. the SP 3.1, on enabling environment, what is your feedback on the adequacy of priority required actions by Govt. to help stimulate private sector investments?
3. Ref. the SP 1.1 – 1.3 and 3.1 – 3.7, are there any important actions which need to be reflected under the roles and strategic lines of action on the part of Govt. and private sector?

Arrangements for Group Discussions:
Groups A/GA = SP 1.1, 1.2, 1.3; GB: 3.1, 3.2, 3.3; GC= SP 3.4, 3.5 & 3.6; GD=1.5 and SP3.7

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ANNEX 6: AGRICULTURE
SECTOR INVESTMENTS:
OPPORTUNITIES AND
SUPPORTING INCENTIVES AND
MECHANISMS

1. PSTA III Investment Orientation

- PSTA III is private sector and market oriented
- Each sub-programme considers the role of the private sector as driver for efficient delivery
- Results framework provides operational tool with action, priorities and key actors
- Benefits of Private Sector Leadership in Agricultural Growth
  - Economic and managerial sustainability of agricultural enterprises and value chains
  - Access to and timely provision of the specialised expertise that the sector needs
  - Access to resources required for investments and efficient input and output pricing
- Public Expenditure Priorities to Enable Private Sector Investment
  - Development of basic growth factors (physical infrastructure, human capital)
  - Programmes to catalyse innovation and modernisation in products, processing and marketing
  - Encouragement of entrepreneurial initiatives in the sector
  - Sharing investment costs in key facilities, always under public sector exit strategy

Investment landscape considers all actors—public, private, domestic and international
Leadership & High altitude and high rainfall, with river valley around Ruhwa

Finalize & validate Land Leasing procedures, 1.1 million ha of arable land, 24,500 ha of forest land, 28,000 ha of water bodies, 554 ha of urban land, 0.5 million ha potential, 0.25 million ha potential

1.1 Aggregating and professionalizing farmers

Financial & Risk Management: assessing and addressing financing gap for medium to large scale enterprises

Based around districts of Nyagatare, Gatsibo, Kigali, Kwitanga, and Ruhengeri

Investments($M)

Year
2011 136.3
2012 139.1
2013 64.7
2014 512.7

Agriculture investment hubs (first coffee and tea, then horticulture and agro-processing)

Enabling infrastructure to support growth (coordinated water, energy, road interventions; Special Economic Zones)

Active investment promotion and outreach (led by RDB, together with MINAGRI)

Supporting growth of existing domestic agribusiness companies (scoping and promoting joint venture opportunities)

Aggregating and professionalizing farmers

MINAGRI to coordinate with MININFRA/EWSA

Strengthen Agriculture Investment and Delivery Task Force for focused, coordinated action and clear roles & responsibilities across GOR institutions:

 Coordinate enabling infrastructure interventions: roads, energy, water
 Develop & enhance investor interest: develop fully scoped business proposals to target investors; build the Rwanda brand (premium quality, full traceability); professionalize investor care process
 Finalize & validate Land Leasing procedures, legal instruments, and farming model arrangements
 Support Financing Fund for medium to large scale enterprises
 Map activities required to initiate & execute an investment with a real investor and the support of Monitor Group taking a practical approach to recommend opportunities to improve investor/government interface

INTENSIVE AGRICULTURE INVESTMENT HUBS

Influences of commodities, tying up production and market access

North and West
- High altitude and high rainfall, rich volcanic soils
- Based around districts of Gisembe, Musanze, Burera, Rubavu, Nyabihu

South-West
- Medium altitude and high rainfall, with near valley around Ruhwe
- Kasi and Kasese

North East
- High altitude and moderate rainfall
- Gisagara, Huye, Nyaraguru, Kameru

South
- Medium to low altitude and moderate rainfall
- Gitarama, Rukungiri, Mtonzi, Muvumba

Kigali
- Sites between ecological zones and close proximity to transport
- Kigali, Rugezi, Gisambwa, Ruvungi, Rwamagana

East
- Low altitude and moderate rainfall
- Nyagatare, Kirehe, Musanze, Ruhengeri
Proposed Objective: The Agri-Business Consultative Body (hereafter ABCB) would provide a forum where Minagri, RDB and the private sector can meet on a regular basis to discuss issues relative to increasing the role of the private sector in developing Rwanda’s agriculture.

Structure: This body should be part of the larger RDB Public Private Dialogue process. That process involves a formalized procedure for promoting problem resolution; the ABCB is more focused on policy dialogue networking and investment promotion.

Composition: ABCB would be comprised of senior representatives from both public and private sectors.

Relation with PPD: ABCB would follow a similar format but would be targeted exclusively at businesses and investors working in agriculture and rural development.

3. Sector Based Investment Opportunities – 2013-2014 Sub-Sectors Opportunities

- **Coffee and Tea**
  - Tea and coffee expansion in quality and production
  - Roads and electricity for five new tea factories

- **Pyrhythmum**
  - 3000 ha allocated for production increases
  - Potential for further processing and marketing

- **Horticulture**
  - Rwanda Fresh to facilitate packaging and exports
  - Avocados and other high premium crops grown in Rwanda

- **Floriculture**
  - 20 ha greenhouse construction at Gishari
  - Competitive freight prices bargaining ongoing

- **Sugar**
  - 7,000-10,000 ha allocated for sugar production in Nabho
  - New sugar factory under construction in Eastern Province

- **Wheat**
  - Production consolidation programme and release of new, more robust and marketable certified varieties

3. Sector Based Investment Opportunities – 2013-2014 Sub-Sectors Opportunities II

- **Agro-processing**
  - RBS working to harmonise and increase quality standards
  - Improved raw material supply and positive regulations

- **I. Potatoes**
  - New Irish Potato processing plant to buy up increased production and supply a growing market

- **Animal Feed Mill**
  - Processing residues and cereals to create animal feeds and support livestock intensification and regional exports

- **Bio-Fortified Foods**
  - New bio-fortified food plant under construction supported by Clinton Foundation

- **Dairy**
  - High public investment in Milk Collection Centres
  - Investment opportunity in Rubirizi and Mukamira partnership

- **Fisheries and Aquaculture**
  - Underdeveloped sector with significant growth potential
  - High demand, with reasonable investment and returns


- Approved and implemented land use consolidation models
- New investment code finalised and adopted
- Strengthening strategies to increase access to rural finance
- Roll out of agricultural insurance to all rural households
- Adopt Agricultural Guarantee Fund to reduce sector risks
- Formulate catalytic start-up fund to catalyse investment

4. Proposed Incentives for Investment - Successful Public Private Partnerships

**Proposed Objective:** The Agri-Business Consultative Body (hereafter ABCB) would provide a forum where Minagri, RDB and the private sector can meet on a regular basis to discuss issues relative to increasing the role of the private sector in developing Rwanda’s agriculture.

**Structure:** This body should be part of the larger RDB Public Private Dialogue process. That process involves a formalized procedure for promoting problem resolution; the ABCB is more focused on policy dialogue networking and investment promotion.

**Composition:** ABCB would be comprised of senior representatives from both public and private sectors.

**Relation with PPD:** ABCB would follow a similar format but would be targeted exclusively at businesses and investors working in agriculture and rural development.

**Proposed Incentives for Investment - 2013-2017 Potential Mechanisms II**

- Adopt mechanism to support business plan submission
- Adopt new draft PPP Law (ongoing)
- Promote mutually beneficial joint ventures
- Solidify regional cohesion to increase regional trade flow
- Adopt Agricultural Guarantee Fund to reduce sector risks
- Maximise engagement with Grow Africa and CAADP II

**Proposed Agri-business Consultation Forum**

The role of the Government and of the other actors clear from the start

1) Sound Rationale and Clear and Appropriate Roles

2) Transparency

All benefits given by government to the PPP initiative (private entity recipient) should be transparent and be made public, subjected to independent monitoring and public reporting. Procurement is transparent.

3) Competitive Playing Field

The Government should not promise exclusivity of inputs or outputs of the MOU/PPP initiative.

4) Transitional Arrangements

It should be made clear when the Government pulls out of the MOU/PPP (or when they lapse), and how its stake will be sold – the sale should be public.

5) Adequate and Timely Public Information and Reporting

As a MOU/PPP is supported with public funds, the annual reports and financial statements should be made public, e.g. presented at Public Private Dialogue fora.
5. Discussion Points

1. What are the priorities from perspective of private sector to enhance the "enabling environment" by Government to stimulate inclusive private investments? More specifically, focus on following:
   - Priority constraints to remove (reach consensus on top 5)
   - Enhanced existing incentives (see above slide for list)
   - Enhanced new incentives (see above for proposed 11 key actions)

2. How can key institutions in Government and the sector enhance their support for expanded and profitable private sector investments in Rwandan agriculture? (over the next 5 years)

5. Discussion Points II

3. What institutional processes and mechanisms can be strengthened to promote and better coordinate increased private sector investments? (processes for securing incentives/support, roles of Agriculture Investment Task Force, Agricultural-Business Consultative Body (proposed, other(s))

4. What are indicative intentions (within next 2 years) of your moving forward to invest in the agricultural sector? What are key deciding factors to move forward?