

# Strategic plans for agricultural transformation in rwanda



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## **Justification of the Strategic Plan for Agricultural Transformation**

Right from the years 1998-1999, the Government of Rwanda initiated a planning process aimed at transforming the economy and reducing poverty which would lead the country to be categorised among medium income countries

After mapping up some basic future prospects in the 2020 Vision, the Government put in place a National strategy for Poverty Reduction (June 2000- June 2002). Its implementation will be based on the formulation and elaboration of strategies for the essential sectors of the economy.

In order to facilitate the process for various sectors, the Ministry for Finance and Economic Planning (MINECOFIN), through its Directorate of Strategic Planning and Poverty Reduction Monitoring, prepared guidelines for the preparation of sector strategies and decentralised development plans.

The Ministry of Agriculture and Animal Resources has just formulated a National Agricultural Policy (NAP), which gives clear orientations in terms of development in the agricultural sector for years to come. These orientations will serve as a base for the elaboration of a National Strategy for Agriculture, designed to articulate the National Agriculture Policy in an operational framework and the central role of the agricultural sector for the rapid economic growth projected by the Government of Rwanda.

Through this framework, the Ministry of Agriculture and Animal Resources was able, through a participatory and interactive approach, to conceive a

process of formulation and operationalisation of the NAP whose first step was the formulation of the sector strategy comprising of sub-sector strategies, action plans and relevant budgets for the 2005-2007 period. The strategies and action plans were inspired by the National Investment Strategy, especially in the way it is streamlined in the Public Investment Programme and within the formats of the Medium Term Expenditure Framework.

## **Methodology**

The agricultural strategy documents were prepared and designed in conformity with the methodology recommended by MINECOFIN. These documents were designed using the broad sector approach, thus responding to their political will, contained in the National Poverty Reduction Strategy which confers to the agricultural sector that is the pillar for rural development.

The SPAT elaboration exercise is also based on four basic principles: (i) The internalisation of the process through serious involvement of the staff of MINAGRI and other Ministries on one hand and the mobilisation of national consultants on the other. (ii) Participatory consultation at the District and Provincial level. (iii) Total integration of the work within the decentralisation policy. (iv) collaboration with development partners in the technical as well as funding plan including the steering level.

Practically, a three axes methodology was developed: (i) participatory workshops at District, Province and National level; (ii) progressive consultation of a database (on current projects and new ones) using a format

project profile that is automatically integrated into the MTEF; (iii) structural and thematic analysis.

The national agricultural strategy, in conformity with the guidelines given by MINICOFIN, integrate different elements, particularly the vision for the overall development of the agricultural sector, in coherence with Vision 2020 as well as the sector policy, which is clearly presented in the Agricultural Policy Document. This document will be referred to later for details regarding definition for the concepts for the mission, objectives, strategy, programmes and budgets

The present document is explicitly developed under the name “ Strategic Plan for Agricultural Transformation” in order to reflect the radical changes introduced by the new agricultural policy. These include particularly the following:

Moving away from agricultural substance economy towards a market economy;

Intensification and progressive modernisation of the agricultural sector;

New distribution of roles and responsibilities between all stakeholders in conformity with new policies regarding the Government disengagement from some sectors and decentralisation;

New methods of work in relation with the Programme approach adopted by MINAGRI in order to realise the SPAT objectives.

This document consists of four parts: the first part is general and deals with the diagnostic of the sub sector. The second part develops strategies and priority programmes. The third part consists of the action and indicative plans and the fourth part contains annexes.

## **II. STRATEGIC AND INSTITUTIONAL FRAMEWORK OF THE SPAT**

### **2. 1 International and Regional context**

The coexistence of new technologies and different ways of life in the World has, in the last decades, produced abundant literature with controversies on theories of economic growth and development. Until today, for some people industrialisation is still considered as the engine of development and agriculture as an essentially static sector with limited potential

Despite some efforts and often mitigated results in the macroeconomic field during the recent decades, different indicators at microeconomic and social level in a number of developing countries have shown that in most of those countries where reforms were geared towards the first optic, the standard of living of the people seemed to deteriorate instead of improving. The phenomenon of poverty, instead of declining, intensifies and becomes more and more complex.

It appears well established that in many third world countries, agriculture is worryingly declining and poverty is intensifying in rural areas and it is the farming population who suffer most.

The case for the African continent is alarming. More than 200 million people in Africa, about 25 % of the population on the continent, are chronically

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undernourished. Resort to food aid has reduced the region to being more dependent than any other developing region in the world.

This situation has led concerned partners to focus their development policies on food security, poverty reduction and sustainable use of natural resources. Hence various fora have concentrated their effort on these problems, notably: the World Social Summit of 1985 and the World Food Summit (Rome, Italy in November 1996) and the United Nations Conference on Development Financing (Monterrey, Mexico in March 2002). These meetings confirmed a paradigm change and dedicated to the millennium the objective of poverty reduction and commitment to results. In most of these developing countries, agricultural development seems to be a necessary pre-condition for structural transformation of the economy and for industrialisation.

African leaders recognise that agriculture is the base for their economy. Sustainable agricultural growth is not only essential for reducing hunger, poverty and inequality, but it is also equally fundamental for economic development.

In order to put to an end the decline in the agricultural sector on the continent, African leaders have committed themselves to put in place through NEPAD (New Partnership for African Development), a Detailed Programme for the Development of African Agriculture (DPDAA), the objective being to restore overall growth, to promote rural development and to ensure food security in Africa. The Maputo declaration underscores the necessity to allocate at least 10% of national budgets to the agricultural sector.

## **2. 2. Political, Economic and Social Context.**

Ten years after the 1994 genocide, Rwanda has recorded big achievements on the political scene including:

Total restoration of security on the whole territory

Putting in place and normal functioning of transition state institutions;

The reintegration of Rwanda in the Community of nations;

The progressive implementation of the decentralisation policy;

Based on the above achievements the country has embarked on a further political turn: the processes of consolidating constitutional base of power by adopting a new constitution through a referendum (May 2003) and the election of her leaders through a direct ballot (July 2003). This has opened horizons for creating a progressively stable environment that creates confidence for Rwandans as well as foreign investors.

The Rwandans economic context is characterised by a relatively high economic rhythm, a voluntaristic vision for the future and development policies focusing around poverty reduction, food security, diversification of the economy and decentralisation.

Economic growth rate was 6, 6 % of GDP in 2001, 9, 4 % in 2002, and 1 % in 2003. Inflation rate and exchange rate fluctuation are relatively moderate.

The public finance situation has progressively improved, thanks to the effort applied in the fiscal policy. Public revenue collection grew from 11. 8 % of GDP in 2001 to 12. 3 % in 2002, 13, 5% in 2003 whereas public spending is

in decline, falling from 22 % of GDP in 2001 to 20.1 % in 2002 and 20 % in 2003.

The performance of the Rwandan economy depends mainly on the production of the primary sector, in which agricultural (particularly food crops) production is essential. For example, the low growth registered in 2003 (2.4% vs 9.4% in 2002) was due to the low agricultural production, which fell from 15% to 1%. This poor performance, resulting from poor rains, adversely affected food crops. This situation had a negative impact on the national prices, and combined with the imported inflation, led to an annual inflation rate of 7.4% as compared to the projected 3%. Poor performance of the agricultural sector also aggravated poverty in rural areas, as agriculture is the most important source of income.

Several factors contribute to the stagnation observed in this important economic sector. Besides the structural problems, one can cite, among others, the climatic conditions and the low level of investments, caused by the insufficient level of adequate mechanisms, scarcity of long-term capital resources in Rwandan commercial banks and the sector specific risks.

### **2.3. Rwanda Experience in Agricultural planning and Development**

24. In the last four decades, agriculture in Rwanda has gone through three distinct and contrasting periods:

a twenty year period (1960-1980) characterised by high growth;

a period of stagnation followed by a serious recession (1980-1994);



a period of reconstruction and economic recovery (after 1994).

25. These periods were characterised by three different approaches in the formulation of agricultural policies:

five or ten year plans – 1950 and 1990 with a period of not activity from 1960-1967;

planning based on the adoption an economic policy and financial framework and an elaboration of Public Investment Programmes (1991-2002);

the new form of planning based on a long-term vision, a national strategy for poverty reduction and sector strategies.

## **2. 4. Decentralisation and Community Development Plans**

26. The agricultural strategy will draw lessons from the experience of development projects in Rwanda, which exhibit a huge number of deficiencies, that merit correction:

projects were often conceived by foreign experts in collaboration with the central administration, but without any participation of beneficiaries in the choice or decision-making. The result is that people find it hard to take over any operations in the framework of classical projects and sometimes these operations come to a halt once donor funding is over

Exclusive recourse to foreign resources, without sufficient involvement of grassroots communities has often resulted in high project costs in relation to the benefits

Poor consideration (or none at all) of the social equilibrium and equality in classic interventions has often accentuated socio-economic disparities;

27. The rural development problems are handled in a sectaries manner, without dissociations, and without taking into account the intertwining nature of some sub-systems and their integration into the overall system

## **2. 5. The place of SPAT in the national planning system.**

28. The Strategic Plan for Agricultural Transformation results from an interactive and participatory planning process that combines a bottom-up approach with the macro-economic top-down planning approach.

FIGURE I: SPAT position in the national planning process

Required financing:

For national level and institutional support

Per programme

Per province

Per district

Programmes

and Sub- programmes

Community Development Plan

District Agricultural Development report

Provincial agricultural development report

Agricultural Work Plan

2005-07

Strategic Plan for Agricultural Transsformation (SPAT)

Macro-economic

Framework

Poverty Reduction Strategy (PRS)

Rwanda Vision 2020

National Investment Strategy (NIS)

## **National Agricultural Policy**

### **iii. SUB-SECTOR ANALYSIS**

#### **3. 1. Natural resources management and water and soil conservation**

##### **3. 1. 1. Situation of the sub sector of natural resources management**

29. The rwandese agricultural landscape faces a thorny problem of availability of arable land and the small size of the country (26. 336 km<sup>2</sup>) does not offer any alternative to increase arable land. The surface of arable land is estimated at 1. 4 million hectares (52 % of the total surface of the country).

30. In addition to the small size of the agricultural farms, crops are grown on steep slopes up to 80 %. The most marginal zones (steep slopes and poor fertility) are occupied by less demanding crops generally cassava.

31. It is generally agreed that slopes of more than 5 % need erosion control measures. However, most of the cultivated land has steeper slopes and is not protected, according to the recommended control measures.

32. It is estimated that only 23.4 % of land in the cultivated area is more or less free from risk of erosion, 37.5 % requires preparation before cultivation while 39.1 % of the land has high risk of erosion.

33. It has been established that Rwanda is losing 1.4 Million tons of soil per year. This corresponds with a decline in the country's capacity to feed 40,000 people per year. The annual loss is estimated to be for organic matter (945,200 tons), nitrogen (41,210 tons), phosphorus (280 tons) and potassium (3055 tons). In some areas it can go up to 557 tons/hectare. These losses affected all crops. The Nyabarongo river carries 51 Kg/second of soil at Nyabarongo-Kigali; 44 Kg/second at Nyabarongo-Kanzenze, and 26 Kg/second at Akagera-Rusumo.

34. The climate is aggressive and capricious. On one hand it is characterised by strong precipitation in the mountainous areas resulting into heavy erosion and soil degradation. On the other hand, low altitude areas such as Imbo, Bugesera, Mayaga, Mutara experience erratic and low rainfalls.

35. Out of 165,000 hectares of marshlands, 93,754 hectares have been cultivated (57 % of the total surface area). Only 5000 hectares are

developed and can be cultivated throughout the year. Other hectares are arbitrarily cultivated without any technical study by peasants grouped in organizations or by cooperative groups supported by local or foreign non-governmental organisations. Such developments risk causing ecological disequilibria in the fragile ecosystems.

36. Other general problems in terms of soil and water and management in Rwanda are the following:

Poor use of farmyard manure even though more than 50 % more or less raise cattle, the average number of cattle is small and cattle breeders practicing zero grazing are rare.

Agroforestry is not well developed- which explains lack of firewood and this results in people using farm residues for home use;

### **Financing , coordination and monitoring evaluation of the agricultural sector**

37. The success of the agricultural sector development strategies depends on the capacity of the Government to mobilize the necessary funds to finance investments in this sector. These funds are from the State's budget, investors, or donors. For the latter, their funds can be either donations, or loans. The financing propositions of these strategies have to take into account the different macroeconomic constraints, which are related to the increase of expenses and of the currency in use. Besides, in accordance with the different economic theories, the optimal level of expenses depends on the relation between the growth, the interests rates and the yield related to these expenses. Within the scope of macroeconomic policy, the increase of

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expenses that are related to the new investments does not have to be inflationary. If financing funds come from credits (bank system or donors), one has to make sure that the engaged expenditures lead to a net rate of yield that exceeds the interest rates, that is, resources costs. This aspect is of great importance because since the liberalisation of prices that was introduced in 1998, the Rwandan currency authority is particularly preoccupied by the rates levels. This preoccupation is based on the leverage effect hypothesis under which a high rate level discourages loans demand.

## **IV. STRATEGIC PLAN FOR AGRICULTURAL TRANSFORMATION (SPAT)**

### **4. 1. Challenges**

38. The main challenges of the agricultural sector are the following: (i) transformation of subsistence agriculture into commercial agriculture with all its involvements in terms of institutional, social changes of behaviour and distribution of roles and responsibilities between different stakeholders; (ii) to ensure food and food security in the country; (iii) improvement of the farmers' income and monetisation of agricultural economy; (iv) creation of extra agricultural jobs enabling to notably reduce the agricultural population; (v) to contribute to the improvement of the commercial balance, the domestic product and savings; (vi) to reverse the soils' degradation process and to manage the property soil in a sustainable manner.

### **4. 2. Mission of the Strategic Plan**

39. The mission of the PASTA is derived from the vision 2020 and the objectives it assigns to the rural sector in the fight against poverty and improvement of living conditions for poor rural populations as well as their

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integration in an economic environment, which can bring then prosperity and assurances of good life for future generations. The mission of the PASTA is « to ensure to farmers' populations a prosperous life and improved living conditions in modernised and organized agriculture».

### **4. 3. Objectives of the SPAT**

40. The Strategic Plan fits in the guiding in the driving line of the Strategic Framework for Poverty Reduction. The overall objective of the agricultural sector corresponds with the one of the National Agricultural Policy (NAP), more specifically the overall objective of the SPAT is to contribute in a sustainable manner to poverty reduction and to support Rwanda's economic growth through increasing productivities of production factors, maximal valorisation of productions, diversification of income opportunities, preservation and maintenance of natural and environmental resources. Growth sources of the agricultural sector will be of two types: those which are linked to a potential of export in the fields and the which are linked to the development of the internal market, mainly the cereal fields (rice, maize), milk, meat and vegetable crops.

## **V. PRIORITY PROGRAMMES AND EXPECTED OUTPUTS**

41. The SPAT comprises of 4 principal programs with 17 of subprograms. Whose expected results appear in the quantified objectives of the Plan of Action (Appendix I), as well as in the attached annex (Appedix IX).

42. The structuring of these programs responds to the type “ program approach” where all the activities of the sub programs should follow services of common objectives with resources and complementary means.

43. This grouping does not follow an ideal structure and overlaps between these programs are inevitable. However the later are considered to be liaison elements to assure complementation instead of duplication sources or conflicts.

## **Interrelations between the 4 programmes of the SPAT.**

3

Promotion of commodity chains and

devevelopment of agribusiness

2

## **Support to the Professionalisation Of producers.**

1

Intensification and

Development of

sustainable production systems.

4



## **Institutional**

### **development**

#### **5. 1. Intensification and development of sustainable production systems**

44. This program comprises five sub programs: conservation of water and soils and sustainable management of natural resources

Integration of agriculture and animal husbandry and management of soil fertility.

Use of marshland and irrigation development.

Supply of agriculture inputs.

Food security and risk management and marshlands vulnerability in the framework of quantitative objectives, which are presented in the action, plan in the annex.

##### **5. 1. 1. Sustainable management of natural resources and conservation of water and of soils.**

45. The diagnosis of the sector has shown different level or degradation of process on land and its harmful impact that it can bring to the present and future generation. Based on the principle that the protection of the land heritage is the responsibility of those using it, the communities

##### **5. 1. 2. Supply and utilization of agricultural inputs.**

46. Given that the quantity of fertilizers used is very little (4Kg per ha per year) due to problems of distribution, it is necessary to put in place

appropriate mechanisms to support the private sector to raise by 25% each  
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year the quantities of fertilizers imported so as to bring it to 8000 tones per annum and to at least 15000 to 20000 tones by the year 2008.

47. Alongside the increase in supplying fertilizers, research in participative popularisation should be undertaken in a way to ensure the distribution of intensive methods associated with the use of organic manure , mineral fertilizers and soil improvement chemicals(e. g. lime application).

48. In the same way, depending on available resources, the government will support the follow up and speeding up, importation of improved breeds as well as improving artificial insemination methods and cross breeding;

49. The multiplication of seeds and of plants will equally be supported through support given to professional organizations to develop private plant nurseries.

50. The agricultural mechanisation component will be developed in order to increase the productivity of production factors, particularly that of labour. This evolution is a must in the sense that it has to meet both the progressive agricultural labour force , on one hand, and the increase of food demand on the other hand

### **5. 1. 3. Food security, management of risks and of vulnerability.**

51. The country ha an agricultural potential, enough to ensure sufficient food availability in quantity and quality, for the present and future population. The strategy to ensure food security is based on:

Putting in places productivity improvement programs for the traditional foods crops and intensification of production for strategic products such as rice, maize, Irish potatoes, milk and meat.

Targeting of zones and vulnerable groups taking into account the disparities existing in the social groups and in regions and eventual shocks, which affect them .

52. The objectives in this area as determined from the objectives of vision 2020 summarized in the table below;

#### **Table 4. Nutritional objectives set up in vision 2020**

Availability

2010

Gap to

objective 2010 (%)

2020

Gap to

Objective 2020

**(%)**

Energy in kcal/person/day

2183

9

3236

47

Protein

In g/person/day

58

5

108

43

Lipids/person/ day

18

90

## **5. 2. Promotion of commodity chains horticulture and development of agribusiness**

### **5. 2. 1 Promotion and development of commodity chains and horticulture**

53. The criteria of choosing the commodity chain takes into account the importance of potential production and intensification, generation of revenues in the national as well as regional and international market possibilities of transformation conservation, and storage

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### **Specific actions for the commodity chain Rice**

54. (ii) strengthen research on varieties especially highly productive varieties, with short cycles, to produce 2 harvests annually

Strengthen the capacity of producers associations in order to acquire knowledge of inputs supply chains. These aim at elimination of rice imports and coverage of national needs as well as the realization of exportable surplus.

### **Specific actions for the maize**

55. These aim at increasing the yield and production of maize with a view of increasing demand, following changes in eating habits. It is planned to double production and to attain 160. 000 in the year 2010.

56. It is in this framework that the following actions will be undertaken.

Reinforce research in varieties in view of improving the range of available varieties;

Support the private initiatives for taking in charge of the commodity chain (organization of produces, supply of inputs)

Put in place measures to promote maize growing by rotation with Irish potatoes in Ruhengeri and Gisenyi zones to avoid problems of monoculture of the Irish potatoes

### **Specific actions for the commodity chain wheat**

57. These are included because of contributing to reduction of importations so as to attain production of around 39000 tons in the year 2010. It is in this frame that the following actions have been developed.

Provide support establish flour mills in Gikongoro and Byumba and launch production in these regions

Reinforce the research program on wheat suitable for bread making.

Offer facilities to the private sector in view of ensuring partnership with producer organizations for availing inputs and supervision of production.

Support the training of local bakers in view of promoting consumption of bread and other products from wheat flour. Promote food technology programs aimed at giving maximum

### **Specific actions for oil crops**

58. These are produced to contribute in reduction of chronic deficit in lipids.

The interventions will be concentrated on soybeans with diversification by the promotion of sunflower and groundnuts.

Increase the production capacity of good quality seeds and of inoculation for soybeans (Rhizobium)

Develop programs of development research on the mineral fertilization in order to increase the production potential even in regions having acidic soils;

Support the development of transformation units of soybeans into flour and other derived products(milk and Tofu)

Make the consumption of products based on soybeans popular