

Horticulture Alert

#01 September¹ 2020

Rwanda

Horticulture alerts identify current challenges and outline urgent actions needed in the horticulture sector in Rwanda, based on surveys and focus group discussions with various stakeholders

(Photo: Polycarpe Nshimirimana)

Alert 1

The lockdown and mobility restrictions have caused disruptions in input and output markets

Alert 2

Decline in trade and demand reduces household income and affects livelihoods

Alert 3

Diminished revenues and reduced access to finance hinder the purchase of inputs for upcoming seasons and limit reinvestments

Alert 1

The lockdown and mobility restrictions have caused disruptions in input and output markets

What is the impact?

- The lockdown and mobility restrictions have disrupted supply chains and logistics and have hindered producers from selling their horticultural products on international, regional, as well as domestic markets
- Access to international markets has reduced due to the limited availability and affordability of airfreight
- Products for export markets (such as cucumbers, broccoli and chillies) are being diverted to the domestic market where they are either sold at lower prices or go to waste owing to limited demand
- Access to regional markets has reduced due to restricted cross-border trade, e.g. to the Democratic Republic of the Congo (DRC)
- Access to the domestic market has reduced due to business closures (e.g. hotels, restaurants) and lower market demands (e.g. change in preferences), and to social distancing and related restrictions; in some instances, markets were closed for several weeks because of the restrictions (e.g. Kigali city market and Nyabugogo market)
- Farm produce that cannot reach the market or be sold is left to waste
- Agro-dealers face challenges in replenishing their stocks with (imported) inputs such as quality seed, due to transport restrictions, closed borders and reduced cargo
- As a result of disrupted input and output markets, incomes and revenues of all value chain actors in the horticulture sector have been declining since the onset of the pandemic (see Alert 2 & 3)

What actions are required?

- Increase access to markets through coordinated action, by promoting the diversification of markets, and providing additional business and marketing support, with the aim of resuming cross-border regional trade and regaining market position in the international export market
- Support the export sector to increase airfreight capacity at affordable tariffs
- Increase awareness and enforcement of health guidelines and social distancing at marketplaces to limit the spread of COVID-19 and protect against future market closures or another lockdown

¹This alert is based on a survey of Rwandan horticulture stakeholders conducted online in July 2020, and on subsequent focus group discussions held in August 2020. Due to the unpredictability of the COVID-19 virus, the situation might have already slightly altered. Nevertheless, the findings presented in this horticulture alert are still considered to be relevant today.

- Reduce the reliance on imported inputs (especially seed) and initiate the production of quality seed (and other inputs) in Rwanda
- Develop an infrastructure to facilitate online sale and trade of horticultural produce (e.g. e-marketing, home delivery services) to reduce the movement of traders, consumers and other value chain actors
- Establish market information-sharing systems (prices, demand and supply) to improve coordination and logistics of domestic supply chains
- Accelerate the establishment of a government department dedicated to the development and coordination of domestic and regional horticulture markets

What stakeholders are involved?

- Government of Rwanda – Ministry of Agriculture and Animal Resources (MINAGRI), National Agricultural Export Development Board (NAEB), Rwanda Agriculture and Animal Resources Development Board (RAB), Ministry of Trade and Industry (MINICOM), district authorities
- Horticultural associations, federations and platforms - Horticultural Exporters Association of Rwanda (HEAR), Rwanda Agriculture Inputs Dealers Association (RAIDA), Private Sector Federation (PSF), Rwanda Horticulture Working Group (RHWG)
- Horticultural cooperatives
- HortInvest

**Who takes initiative?
Who drives action?**

- MINAGRI
- NAEB
- MINICOM
- HortInvest can provide additional support



Congo Nil fruit and vegetable market in Rutsiro district
(Photo: Polycarpe Nshimirimana)

Alert 2

Decline in trade and demand reduces household income and affects livelihoods

What is the impact?

- Decline in exports and domestic demand for horticultural produce (see Alert 1) has led to fewer sales and lower prices, consequently decreasing the income of farm households and affecting their livelihoods
- Demand for horticultural produce has further reduced because of consumer preference for staple foods and non-perishable products that can be stockpiled during lockdown
- The price of fresh domestic produce has dropped since the domestic market has been flooded with produce that could not be sold regionally or internationally (see Alert 1)
- Due to post-payment agreements (payment after the produce has been sold by the client) and unsold products, some cooperatives have not received payments from clients, and consequently have not been able to make payments to their members
- A significant number of horticultural employees and labourers have lost their jobs due to reduced sales, trade and business
- Off-farm incomes have also diminished due to mobility restrictions and a general decline in economic activity
- Households reliant on horticulture for income have experienced a reduction in their livelihoods and may need to cut expenditures on food, education and/or health
- Agro-dealers and input suppliers have seen their sales go down due to clients' limited mobility and challenges with re-stocking supplies (see Alert 1); sales are expected to drop further due to producers' inability to pre-finance production for the next seasons (see Alert 3)
- Input suppliers working on the basis of post-payment agreements (payment for inputs after harvest) in several cases have not received any payments from producers due to non-marketed harvests
- Traders' income has also fallen as a result of the drop in price of horticultural produce and increase in transportation costs
- Exporters in particular have lost part of their clientele due to the border closures and reduced airfreight, affecting not only their own revenues but also the income of their out-growers and labourers
- The impact of this reduction in income and revenue is likely to be felt even beyond the pandemic period and leads to uncertain future prospects for many actors in the horticulture sector

What actions are required?

- Provide producers and horticultural companies with additional business and marketing support to help them deal with the impact of the pandemic and re-access markets
- Develop sector-specific strategies to increase the resilience of the horticulture sector and its actors to cope with future shocks or disturbances (e.g. diversification)
- Set up guarantee funds or provide subsidies for producers to purchase inputs or pay for services for the upcoming seasons
- Encourage banks to support producers by pre-financing inputs
- Include horticultural seed in the MINAGRI inputs subsidy programme

What stakeholders are involved?

- Government - MINAGRI, NAEB, RAB, MINICOM, Ministry of Finance and Economic Planning (MINECOFIN)
- Horticultural associations, federations and platforms – Rwanda Horticulture Growers Federation (RHF), HEAR, RAIDA, PSF, RHWG
- Financial institutions - commercial banks, microfinance banks and institutions, the Development Bank of Rwanda (BRD), the National Bank of Rwanda (BNR)
- Horticultural cooperatives
- Development organizations
- HortInvest

**Who takes initiative?
Who drives action?**

- MINAGRI
 - HortInvest can provide additional support
-



*A member of KOGIMUIN cooperative in Nyabihu district, packing carrots to be sold in the Kigali market
(Photo: Assumpta Uzamukunda)*

Alert 3

Diminished revenues and reduced access to finance hinder the purchase of inputs for upcoming seasons and limits reinvestments

What is the impact?

- Diminished revenues alongside losses incurred (see Alert 1) have compromised the operational cash flow of farmers, horticultural companies and other supporting businesses
- Limited availability of financial resources prevents producers from purchasing inputs or accessing services for the upcoming horticultural seasons, which will lead to a gap in supply and demand when trade and business recovers
- The cost of production has increased due to the limited availability and higher prices of inputs (e.g. seed)
- Limited access to finance has been an ongoing issue since before the COVID-19 crisis, as the horticulture sector is perceived as a being a high-risk sector; the issue has worsened due to COVID-19
- Several loan contracts and agreements with financial institutions have been cancelled; they are expected to be renewed only after the containment of COVID-19
- Banks and financial institutions are currently not keen to issue short-term loans within the horticulture sector, and restricting cash withdrawals during the lockdown period has reduced access to cash for farmers and other value chain actors
- Value chain actors are experiencing difficulties in repaying loans obtained before the onset of the pandemic
- A national recovery fund has been established (loans at low interest rates), although eligibility criteria make it difficult for smallholders or small and medium enterprises (SMEs) to take advantage
- Planned investments for expanding or upgrading horticultural companies have been put on hold due to future uncertainty
- Some horticultural producers and businesses have been discouraged by the current crisis from continuing to invest in horticulture, as losses pile up, and are considering a switch to less risky value chains or commodity crops

What actions are required?

- Extend reduced interest rates and the loan moratorium period for the duration the COVID-19 crisis, to relieve farmers and businesses from the challenge of repaying loans at this time
- Explore with banks and financial institutions the possibilities to finance horticultural activities during and after the COVID-19 crisis
- Provide support for farmers and SMEs to access national recovery funds and facilitate their access to support from financial institutions, to enable them to secure pre-financing for the upcoming seasons to get back into business
- Establish additional relief and support mechanisms for the horticulture sector (e.g. guarantees or revolving funds)
- Improve facilities and widespread implementation of technologies for cashless transactions to reduce the dependence on cash for purchasing inputs or conducting business or trade
- Introduce and promote services that help farmers to get paid faster, save money and obtain access to small loans to be able to purchase or pre-finance inputs, following current initiatives such as Dodore's Agri-wallet, the Bank of Kigali's IKOFI service, and RAB's Smart Nkunganire System

What stakeholders are involved?

- Government - MINAGRI, NAEB, RAB, MINICOM, MINECOFIN
- Horticultural associations, federations and platforms – RHF, HEAR, RAIDA, PSF, RHWG
- Financial institutions - commercial banks, microfinance banks and institutions, BRD, BNR
- Horticultural cooperatives
- Development organizations
- Development partners, e.g. World Bank, the Food and Agriculture Organization of the United Nations (FAO)
- HortInvest

**Who takes initiative?
Who drives action?**

- MINAGRI
 - BNR
 - HortInvest can provide additional support
-



Growing vegetables in Mwumvero marshland, Karongi district (Photo: Assumpta Uzamukunda)

Dashboard

Impact of the COVID-19 crisis on operations and services in the horticulture sector in Rwanda

(Outcomes of an online survey conducted in July 2020)

- Severe negative impact
- Negative impact
- Slight negative impact
- No impact; business as usual

Details

July Alert

Production system

Planned acreage of crops in 2020	■	
Access to / availability of quality inputs to production for farmers	■	Alert 1
Access to / and availability of cash for farmers to pre-finance horticultural production	■	Alert 3
Field operations for production	■	
Availability and cost of labour for production	■	
Overall cost of production for crops	■	Alert 2
Quantity of produce harvested during the most recent harvesting period	■	Alert 2
Quantity of produce that can be harvested in the next harvesting period	■	Alert 3
Post-harvest practices/operations for production	■	
Mobility of farmers to and from points of sale	■	Alert 1
Sales volumes	■	Alert 2,3
Market prices	■	Alert 2,3

Producer organisations

Ability of producer organizations to provide services to their members	■	
--	---	--

Value chains

Access to domestic markets	■	Alert 1
Access to regional export markets	■	Alert 1
Access to international export markets	■	Alert 1
Sharing of information and coordination of activities among value chain actors	■	
Value-adding activities	■	
Mobility of value chain actors	■	Alert 1

Services

Access to / availability of advisory and information services for farmers	■	
Access to / availability of finance for farmers and other value chain actors	■	Alert 3

Consumption

Perceived food safety of products (including perceived COVID-19 contamination)	■	
--	---	--

Ecosystems

Public infrastructure relevant to the sector	■	
--	---	--

- Severe negative impact
- Negative impact
- Slight negative impact
- No impact; business as usual

Details

July Alerts

Communities

On-farm household income	■	Alert 2,3
Off-farm household income	■	Alert 2
Labourers' income (and expenditures on food)	■	Alert 2
Income of women compared to that of men in the sector	■	
Youth engagement in the sector	■	

Coordination

Functioning of sector platforms and governing bodies	■	
Stringency of production, handling and marketing standards and practices	■	

Policy and regulation

Government capacities and services to support the sector	■	
--	---	--

Investment

Ability of the private sectors to invest in the sector and expand/develop their farm or busi-ness	■	Alert 3
---	---	----------------

Rapid Assessment and Horticultural Alert

To avoid a food and hunger crisis following the current COVID-19 crisis, urgent action is needed to address key agricultural challenges, including those identified in the horticulture sector. The purpose of the horticulture alert is to assess the impact of the COVID-19 crisis on the functioning of the horticulture sector. The rapid assessment conducted for the current horticulture alert was carried out in July/August 2020. The survey included 52 respondents covering 10 stakeholder groups. 25 participants from 22 different organizations were involved in focus group discussions. We plan to repeat the rapid assessments on a frequent basis, to identify alerts and determine the immediate action required. Further details on the methodology can be accessed through this [link](#).

Alerts in other sectors

Similar alerts were produced in June and July for other countries to cover the impact of the COVID-19 crisis on the functioning of the seed, sesame, potato, and dairy sectors; further alerts are scheduled for September 2020. Working with a similar model in various sectors and countries within a specific timeframe facilitates an interpretation and synthesis of the impact of the COVID-19 crisis on food systems at national, regional and global levels, while also providing insights into immediate and practical actions needed to address emerging challenges. It furthermore offers insights into the use of the sector model as a diagnostic tool for supporting strategic development, planning, and monitoring interventions that aim to enhance the functioning, resilience and inclusiveness of specific agricultural sectors and food systems.

Partnership and collaboration

The rapid assessment of the horticulture sector is facilitated by Wageningen Centre for Development Innovation (WCDI), part of Wageningen University & Research, in a partnership with SNV Netherlands Development Organisation, and implemented in collaboration with partners in the HortInvest (Rwanda) and HortiFresh (Ghana and Ivory Coast) programmes.

These programmes are funded by the Dutch Ministry of Foreign Affairs through the Embassy of the Kingdom of the Netherlands (EKN) in Kigali and Accra. The impact of COVID-19 on the horticulture sectors of Rwanda, Ghana and Ivory Coast is assessed in parallel. In addition to the horticulture sector, the potato sector in Rwanda is assessed separately as part of the HortInvest project.

Participating organisations

This 'Horticulture alert: Rwanda' involved representatives of the following organizations in the survey and focus group discussions: Government of Rwanda - Ministry of Agriculture and Animal Resources (MINAGRI), National Agricultural Export Development Board (NAEB), and Rwanda Inspectorate and Competition Authority (RICA); Horticultural farmers' representatives; Agro-dealers' representatives; Horticultural cooperatives - KOABIBIKA, COOPEDUSH, IABM, KOABIGA, KODUKA, and KAIDU; Horticultural businesses - Muteesa Company, Proxifresh Rwanda Ltd, Effective M&N, Virunga Biotech, ABCD Great Life Ltd, Agribusiness Cluster Ltd, Get It Ltd, DMM.HEHE, Kazihorti Ltd, Dodore Rwanda Ltd, Holland Greentech, Envirom Holding Africa, Kigali Farms, Agasaro Organic Ltd, Balton Rwanda, Eza Neza, and Inyange Industries; Kenya Commercial Bank (KCB); Rwanda Consumer's Rights Protection Organization (ADECOR); Horticultural associations and platforms - Rwanda Horticulture Inter-professional Organization (RHIO), Horticultural Exporters Association of Rwanda (HEAR), Rwanda Horticulture Growers Federation (RHF), Private Sector Federation (PSF), Rwanda Agriculture Inputs Dealers Association (RAIDA), Rwanda Horticulture Working Group (RHWG), and Karongi Horticulture Platform (KHP); Educational institutes - RP-IPRC Musanze, RP-IPRC Huye, and EFA Nyagahanga Technical and Vocational Education and Training (TVET); Development organizations and projects - HortInvest, SNV Netherlands Development Organisation, IDH the Sustainable Trade Initiative, Agriterria and the SEAD project

The horticulture alert is published within a series of rapid assessments and alerts in multiple sub(sectors) and countries, and is a WCDI Sector Transformation publication.

Responsible team: Gilbert Kayitare, Assumpta Uzamukunda, Edwin van der Maden, Rik van Keulen and Yeray Saavedra, together with support from the HortInvest project.

Please cite as: Horticulture alert: Rwanda, number 1. Wageningen Centre for Development Innovation and SNV Netherlands Development Organisation, 14 September 2020.

For further information:

Wageningen Centre for Development Innovation
info.cdi@wur.nl | www.wur.eu/wcdi

SNV Netherlands Development Organisation
info@snv.org | www.snv.org

HortInvest lead horticulture alert Rwanda:

Assumpta Uzamukunda
Email: assumpta.uzamukunda@wur.nl

WCDI lead horticulture alert Rwanda:

Edwin van der Maden
Email: edwin.vandermaden@wur.nl