



Sector Policy Training Introduction BPR Agribusiness Team

Elies Fongers & Marc van Strydonck

Kigali, July 2012



BPR – Sector Policy Training Introduction





Agribusiness – What Is It?

Simple?

Sow a seed and harvest a crop.

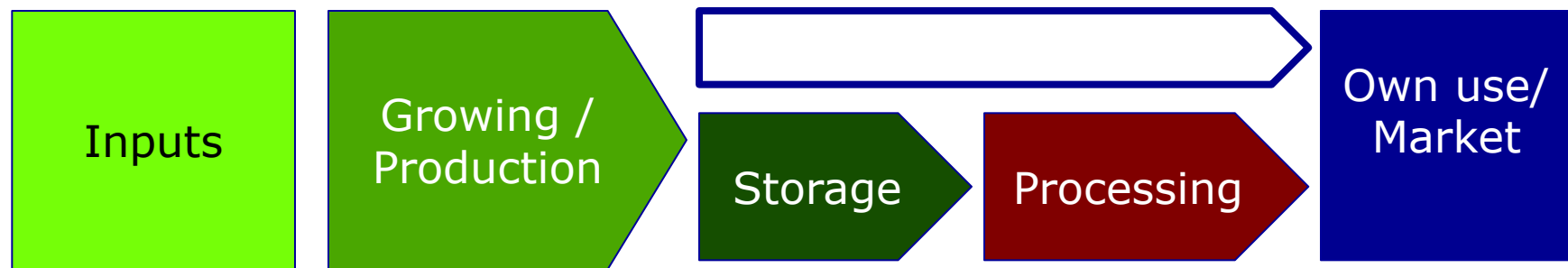
OR

Complex system?

Many factors require skilled management

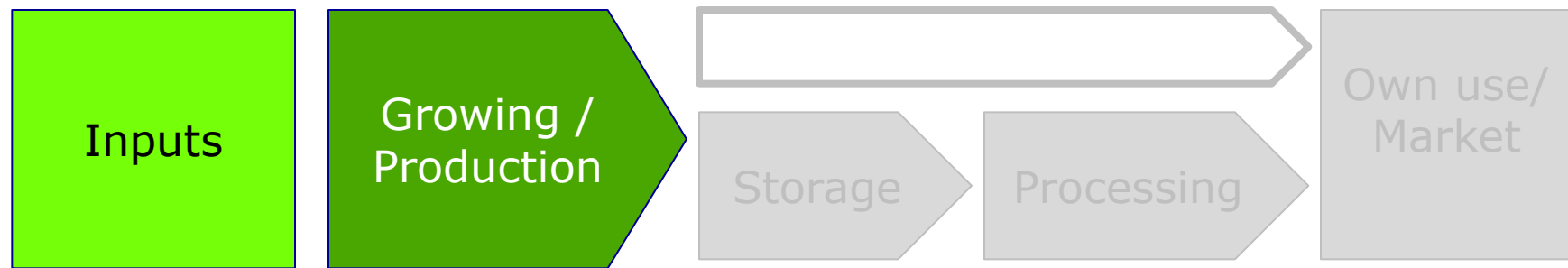


Agribusiness – What Is A Value Chain?



- It is the added value of each step or combination of steps from “Inputs” to final consumable “Product”
- Each step can involve different players
- Each step involves different risks

Agribusiness – Farming Factors



What are the factors of “Production”?

- Soil
- Seeds
- Nutrients
- Water
- Labour
- Climate

Agribusiness – Soil

Soil



- Soil characteristics (texture, drainage, slope, erosion, fertility)
- Farmer can manage fertility (add nutrients and humus or not)
- Producer cannot change texture (sand, loam, clay)
- Slope cannot be changed, but can be managed (contours, terraces, ridges)
- Drainage and erosion can be changed through farming techniques

The difference between a good and poor soil = **Cost!**

Agribusiness – Seeds

Seeds

- Seeds or planting material adapted to local conditions
- Own production or purchased
- Adapted to end user
- Rotation and timing
- Disease resistance



Agribusiness – Nutrients

Nutrients

- Crop needs
- Soil natural fertility
- Organic matter
- Artificial fertiliser
- Long-term soil fertility

Organic matter is generally better (if well handled) but more expensive
Are fertilisers subsidised (by the state of the off-taker)?



Agribusiness – Water

Water

- Rain and dry seasons
- Drought resistance of crops
- Irrigation
- Water saving techniques in soil
- Crop cycle
- Availability for pesticide and other applications

Excess and lack of water are problematic, managing it can be costly!



Agribusiness – Labour

Labour

- Crop labour intensity
- Type of labour (land preparation, weeding, applications of nutrients or pesticides, harvesting)
- Manual or mechanised
- Availability of labour and cost
- Timing of operations

Own labour is often not quantified and/or costed!



Agribusiness - Climate

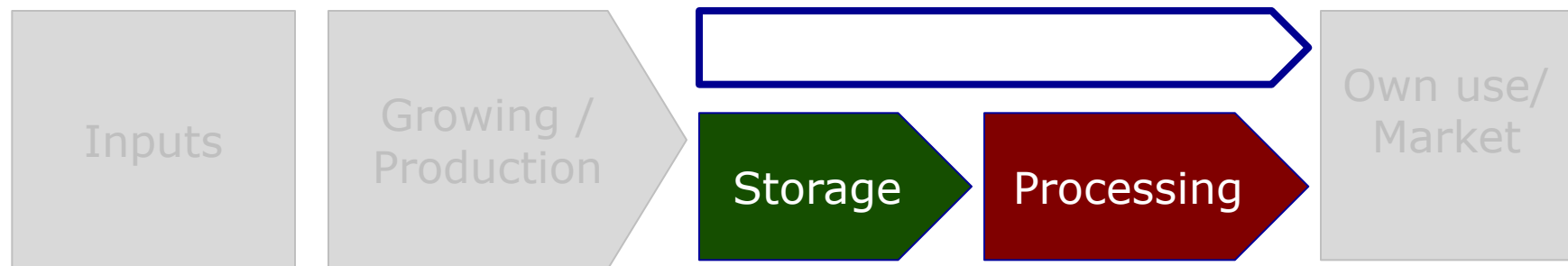
Climate

- Suitability of climate (full or marginal)
- Factors that can be compensated (shading, cycle length, water)
- Impact on yield potential
- Impact on quality
- Competitiveness with other regions

Growing crops outside their suitable climate is possible, but rarely competitive!



Agribusiness – Post-Harvest



What are the key issues in “Post-Harvest”?

- Storage capacity
- Drying and grading
- Existence of processing
- Production seasonality
- Access to market

Agribusiness – Storage

Storage

- Type of storage
- Length of time crop can / must be stored
- Types of degradation (moisture, pests, fermentation)
- Location of storage
- Cost of storage
- Security

Lack of adequate storage leads to an average loss of **30%** of crop!



Agribusiness – Drying & Grading

Drying & Grading

- Moisture content is key for storage & processing
- Drying open (sun, dry season) or covered (shelter, building)
- Drying natural or artificial (heating, fans)
- Grading (foreign matter, colour, size, whole/broken)
- Grading by hand or mechanic

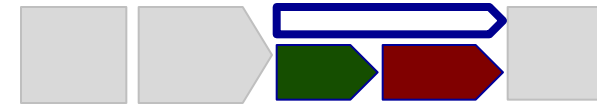
Crop (market) value is directly linked to moisture and quality!



Agribusiness - Processing

Processing

- Seasonality of harvest and processing
- Value-added
- Integration with production
- Alternative processors (competition)
- Alternative processes
- Processing capacity vs. Market demand



Agribusiness - Seasonality

Seasonality

- Seasonality factors (climate, region, market)
- Number of production cycles
- Impact on crop prices (price seasonality)
- Competitiveness with neighbouring regions
- Attractiveness of off-season sales



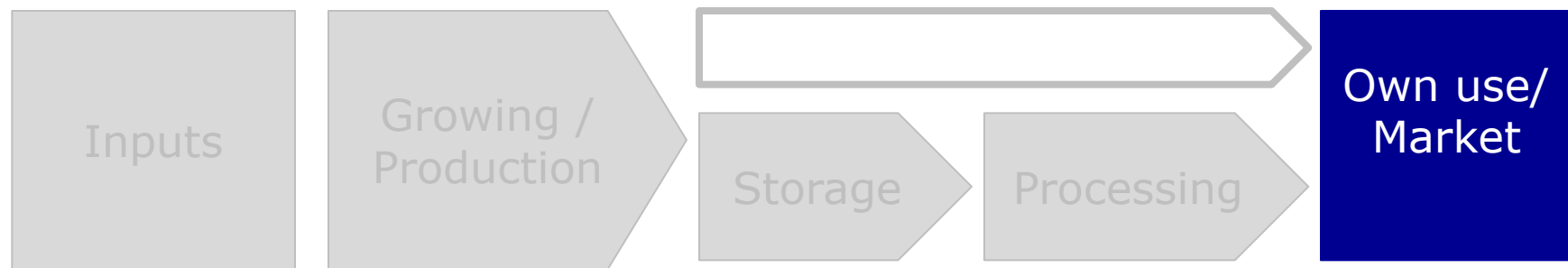
Agribusiness – Access to Market

Access to Market

- Direct from farm to market?
- Cooperative, middle-man or trader?
- Transport cost
- Seasonality of demand
- Competition between producers and/or markets
- Taxes or duties



Agribusiness – Market / Use



What about market and or consumption?

- Domestic or Export
- Processed or unprocessed
- Price volatility

- Seasonality
- Competition



Agribusiness – Domestic or Export

Domestic or Export market?

- Competitiveness compared to neighbours
- Competitiveness compared to world market
- Domestic competitiveness
- Price difference
- Demand difference
- Managed by farmer, cooperative, union, state organisation, other?



Agribusiness – Processed or Unprocessed

Processed or unprocessed?

- Only unprocessed (beans, bananas, Irish potatoes)
- Only processed (tea, coffee, cassava)
- Both processed and unprocessed (maize, rice)
- Process by farmer, cooperative or commercial operator
- Processed product range
- Product quality
- Regulations



Agribusiness – Price Volatility

Price volatility

- Historic price volatility
- Regional price differences
- Seasonal price differences



Agribusiness – Demand

Demand

- Demand vs. production
- Local, regional, national & international demand distribution
- Distance & cost to market
- Seasonality of demand?
- Rural vs. urban consumption



Agribusiness – Seasonality

Seasonality

- How many production seasons?
- Market price fluctuations between harvest seasons
- Quality consistency during seasons
- Season comparison with neighbouring countries



Agribusiness - Competition

Competition

- Domestic competitors (national, regional)
- International competition (EAC, world market)
- Competition between different product types (red beans vs. white beans, washed vs. unwashed potatoes)



Conclusion

Agribusiness is **not** simple!

- Many factors
- Many uncertainties
- Many aspects to manage

It is **not** high tech!

- Farmers help each other (cooperatives, minagri, etc.)
- All operators deal with the same uncertainties
- There are no secrets

But not everybody can be a good farm manager!



Sector Policy Training Objectives

Which sectors?

- Tea
- Coffee
- Rice
- Maize
- Beans
- Irish Potatoes
- Cassava
- Dairy
- Pyrethrum
- Pineapple
- Tree tomatoes
- Banana
- Sweet potatoes
- Sorghum
- Poultry
- Fisheries

