

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



Expanding Fertilizer Manufacturing in Rwanda to Boost Farmers' Productivity

A European company with an African subsidiary in Rwanda, manufactures a blend of agricultural fertilizers that is an environmentally friendly bio stimulant based on a high carbon and mineral rich material. This liquid blend is formulated to cater to the needs of growers of vegetables, cereals, fruits, roots, tubers and other food crops such as coffee.

The company's products enhance plant growth and increase biological activity in the soil which results in less water needs, repels pathogens, prevents diseases, and requires less tillage.

Like most of sub-Saharan Africa, agriculture is the main economic activity in Rwanda. Over 60% of the population depends on farming to support their livelihoods but it contributes to less than 30% of the GDP.

Rwanda's Ministry of Agriculture has been sensitizing farmers on the need to increase farm output by adopting modern farming practices such as the use of fertilizers. Access to organic fertilizer is however expensive and out of the reach of most farmers. The high costs are due to limited supply caused by the limited processing capacity of existing manufacturers.

The European fertilizer manufacturer's expansion in Rwanda will have a direct impact on poverty reduction, consequently improving the livelihoods of smallholder farmers. It will serve the domestic market needs and the wider EAC market.

The Challenge



Rwanda

The company sources raw input (leonardite) from the US and processes it into a complete biological extract (CBX) sold in Rwanda.



\$5 Million

The business needed a \$5 million capital injection to fund the expansion of existing operations by establishing a new plant, building a farmers demonstration block, and working capital. The production of the final product (CBX) is scheduled to increase from 2,000 to 5,000 litres per day.



\$8

1 litre of CBX is sold at Rwf 10,500 (\$8) however the company plans to reduce the cost by 50% once the financing is received and production capacity is boosted.



MA Support

The Manufacturing Africa team supported the manufacturer's capital raise by delivering the following:

- 1 Developed the financial model** for the project highlighting different scenarios, break-even analysis, and various other components to help the company to manage identified risks, allocate resources efficiently, secure funding, and develop long-term growth strategies.
- 2 Developed a comprehensive business plan** providing details on the expansion strategy, market forecasts and commercial development strategy.



Impact

The company has raised approximately **\$10 million in equity** from the Middle East to expand operations to other regions including the Middle Eastern Market. With this investment, the company will be able to boost production capacity significantly and enable them to support more farmers in Africa with their game-changing fertilizer.



Lessons Learned

Certain MA projects have export potential to regions outside Africa considering market similarities in some developing markets outside the continent. It is therefore important in the support we provide to consider a wider approach when assessing potential export destinations for the companies we support. We also learned to diversify our existing network of potential investors in MA projects as there could be multiple corporations in Asia and Eastern Europe that are seeking to close deals in Africa.

Programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

CONTACT US

Email: info@manufacturingafrica.org

Visit www.manufacturingafrica.org